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**FINANCIAL TIMES** EUROPE'S BUSINESS NEWSPAPER

Mrs Gandhi brings down a heavy hand, Page 14

As already announced, creditor

banks have agreed to drop the in-

terest margin over the expensive U.S. prime rate. Margins over Eu-

rocurrency or comparable domestic

money market rates will be 3 per cent for 1985 and 1986, rising to 11

between 1987 and 1991 and then to

1% per cent for the remaining life of

Meanwhile, terms of the remain-ing balance of the \$5bn loan will be

adjusted to reduce the margins by

lating to this year's \$3.8bn deal, and

orthy to all the country's creditor

banks, represents an elaborate

compromise reached in some seven

Mexico bas won its controversial

bid to reopen existing rescheduling

agreements, but in return bas

weeks of negotiation.

the deal, which lasts until 1998.

No. 29,418

Monday September 10 1984

NEWS SUMMARY GENERAL BUSINESS

# Renewed Regan rioting in acts on S. Africa bearer township bonds

South African police fired tear gas and rubber bullets to quell fresh ri-oting in Sebokeng township, one of three black areas south of Johaninviolence over the past two weeks. Police said protesters stoned po-lice vehicles and set up roadblocks in the township. Several vehicles

were damaged but there were no re-

ports of injuries. The conflict came as blacks in several townships buried some of the first victims of the riots. In Wattville, eastern Johannesburg, more than 1,000 people attended the funeral of a six-year-old boy shot dead by police just over a week ago. Tension may widen, Page 16

#### Hyderabad curfew

Four people were stabbed to death rour people were stabled to death and 50 injured in violence that led to a curfew being imposed on the southern Indian city of Hyderabad, and the army being called in. Page 3

#### China typhoon

Typhoon Ike, which ravaged the Philippines last week, has caused havoc in southern China. A total of 13 people were missing at sea off Beihai city after hurricane-force winds swept the coast.

#### Soviet inefficiency

Collective and state farms around Moscow were criticised in the official daily Pravda for inefficient use of investment, technological backwardness and complacent management.

U.S. TREASURY Secretary Donald Regan decided to ban the issue of vernment-backed securities in bearer form, in order to prevent tax. evasion by American citizens. Page 16

1% ----

ECU

EUROPEAN Monetary System was kept quiet and steady last week amid an attack on the D-Mark in-

EMS-SEPT 7, 1984 realth. 2 25% GRÍÐ 8fr

Kin BMS

# Paratien Sep 7 Statter S

volving some heavy selling of the currency to buy dollars. The lina in-creased its lead at the top of the system, but the key to EMS stabili-ty remains the D-Mark, and the West German unit was very weak. That allowed central banks in Belgium and Denmark to increase THE Soviet-promoted diplomatic their holdings of D-Marks and see freeze of West Germany intensified their own currencies gain ground. The Belgian franc remained the yesterday as Mr Todor Zhivkov, the Bulgarian leader, abruptly called weakest member of the system, but off a visit he was due to make to was under no pressure, while the Danish krone moved above the

Bonn from September 19. The announcement of the post-Dutch guilder and French franc. ponement" of Mr Zhivkov's long-

BY RUPERT CORNWELL IN BONN

on public spending

#### BY DAVID HOUSEGO IN PARIS

M Laurent Fabius, France's new Prime Minister, will announce the double the level in 1978. The Government had hoped to tightest squeeze on public spending of the post-war period in its first budget on Wednesday. For the first time for at least a decade, state expenditure in 1985

will rise more slowly than the growth in gross national product (GNP) reflecting President Fran-cois Mitterrand's determination that the state should absorb a diminishing portion of the national The Communists are expected to vote against the 1985 budget in the

cheduled to rise by a little more than 8 per cent. That would repre-sent a marginal increase in real terms, if the optimistic target of bringing the 12-month inflation rate down to 4.5 per cent by the end of

But, in part because of the dramatic ascent in servicing charges on the Government's domestic debt, vage cuts are having to be made

this increasingly difficult. The cuts in both current and investment spending have provoked last year. outcries from some ministers and Last minute bargaining by minis were one of the reasons for the Communists' decision to quit the ruling coalition with the Socialists.

French budget set

to put squeeze

Nominal public expenditure is National Assembly. It would be their first vote against the Govern-

1985 were realised.

THE SOCIALIST Administration of consolidated public expenditure, or can reverse the trend of rising taxation. Even among officials, however,

contain the increase in debt pay-ments in 1985 to 6 per cent by farc-reality, these two objectives can be ing down domestic interest rates, achieved. The deficit as a propor-but the rise in U.S. rates has made tion of GNP will have risen this year to 3.5 per cent (about FFr 150bn or \$16.6bn) after 3.3 per cent

### in indirect revenues by increasing the tax on petrol was fiercely resist ed by the motor lobby because of the already depressed state of French automobile sales. The political logic behind the budget is to hold fast to the Govern-

cuarter.

projections from such groups as Da-ta Resources, Chase Econometrics and Goldman Sachs, which all expect third-quarter real gross national product to rise by more than an inualised 5 per cent.

Slight dip

forecast in

quarterly

growth

By Stewart Fleming in Washington

for U.S.

The Commerce Department's first "flash" estimate for the third quarter is due to be released on September 20 and, if these expecta-tions are borne out, President Ronald Reagan seems virtually assured of moving into the November election with the economic platform for his campaign based firmly on data showing strong economic growth, moderate inflation, big gains in employment and rising consumer dissable incomes.

In contrast to earlier projections few economists now expect output in the U.S. to drop sharply in the third and fourth quarters.

Last month, data showing tw consecutive monthly declines in the index of leading economic indicators, a statistical series designed to foreshadow economic trends - coupled with signs that consumers' thirst for new purchases was slaked and with evidence of an easing in the price of new orders for capital equipment - encouraged some economists to predict a sharp slow-down in the economy in the second half of the year.

Some speculated that lower economic growth of as little as 2 to 3 per cent would reduce public and private credit demands and spor the Federal Reserve Board to relax its monetary policy and reduce interest rates.

Now, however, eccoomists such ne Cah

mist at Goldman Sachs, point to

Mexico to pay at least \$1bn of principal

#### BY PETER MONTAGNON IN LONDON

MEXICO is to repay up to \$1.5bn in can debt that has already been creditors this year under the terms a new deal will be repackaged into creditors this year under the terms a new deal will be repackaged into a new stat. The second secon m New York over the weekend.

D 8523 B

The money repaid will go to re-ducing the balance of the \$5bn jumbo loan granted by the banks in 1983 as part of the first emergency rescue package assembled to help Mexico to overcome its \$90bn debt. Bankers believe that the repayment of principal demonstrates that Mexico is now well on the way back to financial health. It should help Mexico to regain normal access to borrowing in international credit markets once the new rescheduling

up to I percentage point. The new margins of 1½ per cent over Euro deal is signed. currencies or 1% per cent over U.S. Mexico bas made a firm underprime will be the same as those retaking to repay Sibn this year with a commitment to an additional \$500m repayment if that can be met its maturity will similarly be lengthened. without putting too much strain on Bankers say the terms of the new proposals, which are to be sent the country's \$7bn foreign exchange reserves.

The complex deal announced at the weekend was described as the largest commercial bank rescheduling ever undertaken," by Mr William Rhodes, the senior Citibank executive who chairs the bank's negotiating committee on

agreed to speed up principal repay-Mexico. ents. It has also reluctantly un Sr Jesús Silva Herzog, Mexico's dertaken to participate in a proce-dure for economic consultation with Finance Minister, said the agree-ment in principle demonstrated the International Monetary Fund Mexico's continuing commitment to and creditor banks once the present sound economic policies "which as-IMF programme expires next year. sure both the fulfilment of debt oblisure both the fulfilment of debt obli-gations and the resumption of growth." A statement issued by Citibank on Saturday made clear that that was an essential condition for revis-

Under the proposals, public-sec-ing existing debt agreements, but it tor debt totalling \$20.1bn that ma-tures between next year and the end of 1990 will be refinanced over position from some groups in Mexi-4 years. Repayments will start afco, notably labour unions, to what is

ter a grace period of one year. In addition, the \$23.6bn of Mexi-the country's economic affairs. regarded as outside interference in

Britain's coal talks end

BY JOHN LLOYD, INDUSTRIAL EDITOR,

ment on an important issue. M Georges Marchais, their Secretary General, called the budget a "bad" to both public consumption and in-vestment outlays. Debt servicing get deficit at 3 per cent of national payments will rise by 26 per cent output. President Mitterrand's aim this year to absorb 8 per cent of the is to demonstrate that the Socialists

off W. German visit

ters at the weekend was aimed at reducing the expenditure cuts by seeking new sources of revenue. I proposal to raise a further FFr 15br

The budget calculations are built ment's anti-inflationary programme around President Mitterrand's for another year before relaxing pledge to lower tax and social secur- and providing some stimulus to the

Inflation and growth in the EEC,

Honecker's deciding not to go

The Soviet newspaper Pravda

yesterday carried a biting cartoon and an article accusing Chancellor Kohl of "goading on" West German "revanchists." Similar charges have

again been levelied by the Polish

ity contributions by 1 per cent as a economy in the six months before proportion of GNP next year, while **Continued on Page 16** Page 4; Reappearing KEC demons. Page 15 output. President Mitterrand's aim **Bulgarian leader calls** 

# LEADING U.S. economic foreca ing organisations expect the Ameri-can economy to continue expanding relatively strongly in the third quarter of this year, although the pace of real growth is widely predicted to ease back from the 7.6 per cent anmual rate reported for the second Typical of current forecasts are

Berlin at a meeting to set up a secret extreme right-wing organisa-

Three known neo-Nazis and 10 oth-

#### Argentine talks

Nazis arrested

Argentina's Radical Government began a new round of talks with both sides of industry in a renewed attempt to secure a broad agreement on a prices and incomes policy. Page 3

#### Chile warning

General Rene Vidal, commander of Santiago's military garrison, gave a warning that Chilean authorities would impose special security measures tomorrow when Gen Augusto Pinochet's regime celebrates its 11th year in power. Page 3

#### N-cargo threat

Sunken French freighter Mont Louis might break up with its nu-clear cargo if rough weather contin-ues to prevent salvage operations.

#### **Merger** rejected

British Social Democratic Party leader David Owen rejected any merger with their Liberal Alliance partners before the next general election. Page 8

#### Dali worsens

The condition of Spanish surrealist inter Salvador Dali, operated on in Barcelona for serious burns, worsened and doctor said he showed signs of breathing difficult-

#### Film-maker dies

Turkish film maker Yilmaz Guney, who escaped from a Turkish jail in 1981 after being convicted of mur-dering a public prosecutor, died in a Paris hospital aged 47 after a 10-year illness. He won the 1982 Cannes film festival top award for Yoi (Road).

#### Lauda wins

Niki Lauda of Austria steered his McLeren to victory in the Italian Formula One Grand Prix motor TACE.

The chart shows the two constraints on European Monetary System ex-change rates. The upper grid, based on the weakest currency in the system, defines the cross races from which no currency (except the lira) may move more than 2% per cent. The lower chart gives each curren-cy's divergence from its "central rate" against the European Currency Unit (ECU), itself o basket of Eu-

TODEOR CUTTERCIES. BRITAIN'S trade with Spain sank into a deficit of £211.7m (\$269.6m) in the first half of this year against a surplus of £147.1m in the same pe-riod last year, largely because of a ern Europe.

sharp rise in UK imports of Spanish-made cars. Page 8 LAIRD GROUP of the UK, with interests covering transport systems motor components, engineering products and service industries, lift-

ed first-half pre-tax profits from £9.52m to £10.86m (\$13.83m). Page 20; Lex, Page 16

LONRHO resumed its battle for influence at House of Fraser, the Harrods stores group, by urging share-holders to vote against the re-election of Prof Roland Smith as chairman at the annual meeting this month. Page 20

HONG KONG trade commissioner Hamish McLeod indicated that textile manufacturers who defied tough U.S. curbs on textile imports and stuck by existing bilateral agreements would get goverment backing. Page 8.

CONSTRUCTION contract worth \$164.4m (\$76.1m) for the main depot of Singapore's mass rapid transit system was won by a Japanese-Sin-gaporean joint venture, beating in-ternational contenders. Page 8

We apologise to readers, advertis-ers and the distributive trade for the shortfall in supplies of the Fi-

nancial Times on Saturday. That was the result of production difficulties in London which severely curtailed the print run. Production difficulties in London

may also have resulted in typographical errors in unit trusts, some idvertisements and elsewhere in loday's edition.

nned four-day visit c than a week after Herr Erich Honecker, the East German leader, bowed to fierce Soviet pressure and put off his journey to West Germany that had been scheduled for September 28-30

News of this fresh disappointment for the Bonn Government came in a brief statement yesterday. A spokesman for Chanceuor Helmut Kohl regretized the Bulgarian decision, but confirmed West Germany's desire to continue dialogue end co-operation with East-

Mr Todor Zhivkov

Peres faces Labour revolt

There can be little doubt that Moscow was instrumental in forc- Sofia by Mr Mikhail Gorbachov, widely considered the most likely ing the change of heart by Mr Zhivsuccessor to the sick and ineffectual kov, who for 30 years has been the Kremlin's most faithfuly ally in the Mr Konstantin Chernenko as Soviet leader. Soviet bloc.

the belief of many top officials in ment said to blame the "interna-tional situation" for its move, but it came immediately after a trin to many that indication of West Ger-many as soon as the circumstances came immediately after a trip to many that indirectly led to Herr are more conducive.

a to mark the 45th anniversal of Hitler's invasion of Poland which started the Second World War.

West Germany.

ahead with his visit.

strong gains in industrial produc-tion in both June and July, healthy Bonn's planned autumn of dia logue and top-level contact with East European leaders has thus been reduced to a visit to Bonn by Mr Nicolae Ceaucescu, the independent-minded leader of Romania. However, the Bulgarian post-

Honecker visit, which has acquired

immense symbolic importance in

Indirectly, moreover, it confirms

ponement, and the reason given for it, will make it easier for Herr Kohl to fend off charges by his domestic political opponents that clumsy handling by the Bonn Government caused the decision to call off the

growth in personal income, and anecdotal evidence that retail sales, a volatile indicator, have begun to revive after the summer pause. She suggests that those signs show there is still considerable momentum in the economy.

**Continued on Page 16** Regan bans issue of government-backed securities in

than others." president, said: "There is no com-

am saying nothing." bearer form; see also Lex; Page 16

TALKS BETWEEN Britain's Na- Meanwhile, a leader of more than tional Coal Board (NCB) and the 1,000 dockworkers at Southampton National Union of Mineworkers indicated last night that his mem-(NUM) ended after less than two bers would reconsider their support hours last night

for the national dock strike if there Mr Ian MacGregor, NCB chair- was at large-scale return to work to-man, said as he left the meeting in day in the Port of London. Edinburgh: "All meetings are suc-

Edinburgh: All meetings are suc-cessful - some are more successful will see a succession of gatherings called to explore the potential for

Mr Mick McGabey, NUM vice- organising support for the mine-**Continued** on Page 16 ment. That is finished for tonight. I

Coping with dock strike, Page 8

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CONTENTS		
International	Cyprus: UN makes another attempt at peace 2	Lombard: a concise history of the future 15
World Trade o Letters	Statistical trends: inflation	Lex: an amber light for Wall Street; Laird 16
Mien and Matters	heavy hand 14	Management: GE's show- piece factory 19
Arts - Reviews       13       - Wall Street       22-24         - World Guide       13       - London       23-29         Crossword       25       Technology       13         Currenties       39       Unit Trasts       25-27         Editorial comment       14       Weather       16	Foreign Affairs: EEC de-	Vehicle finance and leasing: Survey Section III

#### MR SHIMON PERES, Israel's Prime Minister-designate, is facing Hundreds of Lebanese Chris-tians have fied to Israella serious revolt within his own Laoccupied southern Lebanon as bour Party against the terms of the agreement which he reached with Christian and Druze forces hattled in the strategic Kharroub rethe right-wing Likud bloc, on form-

BY DAVID LENNON IN TEL AVIV

mont

gion south-east of Beirut, Israeli ing a broad-based coalition governmilitary patrols crossed north of the Awali River m an attempt to Labour Party members are dishalt the conflict. Page 3 satisfied over both the decision to allow the Likud to bold all the key economic portfolios in the new gov-ernment and the appointment of and Likud on establishing a broadbased government, following the in-

conclusive outcome of the general the Likud's controversial Mr Ariel Sharon to a senior Cabinet post. election in July, was achieved in six Although Mr Peres's supporters weeks of negotiations. Developments over the weekend threatened are expected to outvote his critics, the revolt by more than a third of the collapse of the entire arrangethe party underlines the potential instability of the proposed national ment

Mr Cad Ya'acobi, the Labour Party spokesman on economic matters, unity government. ty spokesman on economic matters, Mr Yitzhak Shamir, the Likud's said yasterday that it was "absurd" outgoing Premier, has also been that Labour, which had fought the facing trouble from members of his election campaign primarily party, but this concerns the alloca- against the Likud's economic failtion of ministerial posts, not the ures, bad agreed to leave all the

economic portfolios in the new govterms of the agreement. The agreement between Labour ernment in the hands of Likud.

The appointment of Mr Sharon as Industry Minister is inconceiv able for many in Labour. They argue that their party should not help to rehabilitate the man who was forced out of the Defence Ministry because of his cole in the mas sacre of Palestinian refugees in Bei rut in 1982.

Mr Peres faced more trouble yes terday when Mr Ezer Weizman, leader of the small Yahad Party threatened to withhold support for the coalition unless his demands for tax reform and a halt to funding for Jewish settlements in occupied Arab territory were incorporated in the government policy guidelines. Mr Weizman, e former Likud De

fence Minister, was instrumental in blocking a new Likud-led coalition by pledging his support for a La-bour-led coalition.

As many as 35 per cent of the members of the Labour Party central committee are threatening to vote against the coalition agreement today.

# **OVERSEAS NEWS**

# Study on EEC electronics sector

#### BY PAUL CHEESERIGHT IN BRUSSELS

EUROPEAN trade unions are to union movement shares with na- of European companies to market market and have free trade within press their governments to take a very cautious approach to opening up public purchasing policies in the electronics sector. A study made for the trade union movement and published today suggests that the presence of European companies in this sector could be weakened if public purchasing is opened up before there is greater co-ordination of European standards and production. The European Commission has already put forward policy proposals for the greater use of common standards and the opening up of public purchasing in the telecom-

munications sector but so far no decisions have been taken at ministerial level.

tional governments and the Commission a concern that European companies will be outpaced in the high technology race by the U.S. and Japan.

It is for this reason that the union study is very cantious about the growing links between European companies and their Japanese and American counterparts.

Whilst buying in technical expertise may be a necessary short-term expedient, it cannot provide a longcompetition regulations. term alternative to developing incious of a free market approach to digenous technology," the study says. The unions have put their sup-port behind the EEC's strategic rethe development of the electronics industry although it is conceded

search programme for information technology but argue that this does not meet a key problem: the failure Commission is to unite the EEC

competitively the results of their research For this reason the mions want that the common external tariff regreater co-operation in developmeot and production and urge the EEC not to be tied down by the dog-

mains an important instrument of industrial policy. But where the unions would part company from both the West German and the Britma of free competition. But this recommendation appears to ignore the fact that the Commission has this ish Governments, whose attitude is crucial in determining the outcome year legislated to exempt many of a common policy for the electronjoint research agreements, leading to joint production, from the EEC ics industry, is in advocating more protection The unions are in any case suspi-

"For vulnerable products there is a strong case for temporarily suspending the process of reduc customs duties" the study says.

For the EEC, the study argues

penti

Unic

European Industrial Policy for the Electronics and Information Sectors Technology Sectors: Europ Trade Union Institute, Brus BFr 700.

The study shows that the trade

Andriana Ierodiaconou assesses prospects for a settlement

# UN tries again to bring peace to Cyprus

it's the worst of times for the Cypriots.

One third of Cyprus bas been occupied by Turkish troops since they invaded the island in since they invalued the Island in 1974 after the Greek junta staged a coup against the government of Archhishop Makarios. In the last decade a has flowed irretrievably under the political hridge. But the two sides do at last appear to be serious about nego-tiations. Representation will he on the bighest level, with both Cypriot President Spyros Kyprianou and Mr Raouf Denktash, the Turkish Cypriot leader, attending. Sr de Cuellar's peace effort also re-portedly enjoys the active sup-port of both Washington and Moscow. But the two sides do at last

interest, sometimes voiced in Nicosia, is that it is ephemeral, calculated only to win U.S. President Ronald Reagan Greek-American votes in November. Greek Cypriot officials, convinced that there can be no solution without American in-fluence being exercised on the Turkish side, say their greatest fear is that diplomatic momen-

Athens and Ankara came to the brink of war in 1974 and Cyprus remains the major problem in their relations—and that Washington's interest will stay the course.

Sr de Cuellar is belleved to have received assurances of have received assurances of Soviet support during a summer visit to Moscow. The Soviets have happly sat back and watched Cyprus act as a thorn in Nato's flesh for the past 10 years, but they are thought to be concerned that the de facto division of the island might harden into permanent parti-tion between Greece and Tur-key.

The catalytic event for this deterioration was last Novem key, In Soviet eyes this would con-stitute the "triple Natoization of Cyprus, Britain has main-of the source there ber's unilateral declaration of an independent state in the Turkish occupied northern sector of Cyprus, Recognition for this "state" has so far only come from Turkey, and successive tained sovereign bases there since 1960, when colonial rule gave way to independence, and both Greece and Turkey are Security Council resolutions have condemned the Turkish

Closer to home. Atbens and Ankara have both responded favourably to the UN initiative. Mr Constantine Karar, Slis, the effect Arconstantine Kararvalis, the Greek President, who now seems to be setting Athens policy on Cyprus, is firmly in favour of a negotiated settle-ment under UN auspices. On the Turkish side, officials in which the two parties will

U.S. officials say the exercise official Turkish line stresses is all about reducing Greek- that Mr Denktash is his own Turkish tensions in Nato- man, it is clear this autonomy Athens and Ankara came to the has limits.

that the sheer size of the markets in

the U.S. and Japan act as a stimulus

to their industries. The aim of the

General will shuttle between the Greek Cypriots and Tarkish Cypriots leaders in New York, who will submit their views and proposals separately. "I am sure that if a solution is reached which pleases many countries, Mr Denktasb will not wisb to be isolated." one Tur-Both sides are expected to have studied a set of "working

points," or preliminary pro-posals for an agreement on the sharing of territory and consti-tutional powers submitted by Sr de Cuellar in early August. kisb official commented hlandly, That's the good news. The bad news is that relations between the Greek and Turkish Cypriots have never been worse. The de facto political situation on the island is far removed from the single-state As a general framework the Secretary General has proposed a bi-zonal, federal state, as envisaged by the 1977 Makarios-Denktash agreement, adding the new idea of a transitional federal generations solution envisaged by UN reso-lutions and agreed upon in principle at a Makarios-Denk-tash summit in 1977.

federal governmer

The ideal end result, Sr de Cuellar stresses, is a state in which the rights of the Greek Cypriot majority (80 per cent) and the Turkish Cypriot min-ority are could a formation ority are equally safeguarded, and responsibilities appropriately shared

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ately shared. In the midst of all this uncertainty, diplomats who have been keeping a close track of the UN initiative say, Sr De Cuellar can rely on one thing; hoth Mr Kyprianou and Mr Denktash are determined not to carry the hlame for a collapse of the talks. They will therefore be very loath to say "No" to anything too quickly. Cypriot independence move as secessionist—to little practical

FINANCIAL TIMES, USPS No. 190640. his was un, FINANCIAL TIMES, USPS No. 190640, published daily except Sondays and their view \$420.00 per annum. Second class at to recog. Postage peid at New York NY and at O Cypriot additional mallion offices. POST-MASTER: send address changes to: FINANCIAL TIMES, 14 East Both Street, Secretary New York NY 40022.

City/State/Zin Obtain the Property Report required by Federal law and read it before signing anything. No Federal agency has judged the ments or value, it any, of itse property. Equal Credit and Housing Opportunity. say that Cyprus complicates Ankara's political and economic at the same time. This was un-acceptable to the Greek Telephor Preference: \$6,000 \$7,500 Higher relations with the West, parti-cularly with the EEC, and that it is a headache which the Ozal Cypriots because in their view it would be tantamount to recog-nising the Turkisb Cypriot tum will fizzle out after the U.S. elections. administration would be happy to do without. Though the state, Instead, . the This advertisement appears as a matter of record only. This announcement appears as a matter of record only July 1984

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Cyprus proolem. Today in New Cyprus problem. Today in New York, Sr Javier, Pcrez de Cuellar, the UN Secretary General, will launch the nego-tiations he has worked hard to bring about between the divided Greek and Turkisb Cympides

The cynical view of the U.S.

members of Nato,

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Crédit Commercial de France Manufacturiers Hanover Trust Compar Madland Bank plc Mellon Bank The Dawa Bank, Limited Llovds Bank International Lamued The Masubishi Bank, Lowred The Sanwa Bank, Limited African International Bank Al Bahrain Arab African Bank (E.C.) 'ALBAAB' de Secreta — New York Branch Bank of Helsenki Ltd. Bergen Bank Burgan Bank S.A.K., Kuwah

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July 1984

# **OVERSEAS NEWS**

# Argentine prices and income talks resume

#### BY JIMMY BURNS IN BUENOS AIRES

newed attempt to secure a broad terpreted as compliance with gov-agreement on a prices and incomes ernment policy. It reiterated its de-

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Mary S.

The urgent need to secure some reactivating the economy. Such agreement was pinpointed last Following last Monday's general

22.8 per cent, the highest recorded inflation figure since April 1976, just after the military coup. The Government, however, ap-peared to be facing an uphill struggle in seeking support for its austerity measures aimed at reduc-ing the country's world record inflaing the country's world record infla-

ARGENTINA'S Government began eral Confederation of Labour and public utility increases in Sep-a new round of key talks yesterday (CGT), warned that its agreement tember to 16 per cent, will mean a further drop in real salaries. August with both sides of industry in a re- to attend the talks should not be in- further drop in real salaries. August price rises easily outpaced the wage increase of 18 per cent agreed for the month.

The Government is also facing the opposition of the main employ week with the release of official states in the sing under increasing pressure from night strongly condemned the Gov-tostics showing an increase in the ing under increasing pressure from night strongly condemned the Gov-consumer price index in August of its more militant rank and file. With ernment's unilateral decision this 22.8 per cent, the highest recorded union elections due pext month, la-week to extend price controls to all bour leaders fear than any conces-sion to the Governmeot could be in-terpreted as a sign of weakness. firms in the private and public sec-tor. The move follows the Govern-ment's decisioo severely to restrict bour leaders fear than any conces-

terpreted as a sign of weakness. Worker discontent has been stirred by the Government's refusai to continue with its policy of auto-matically adjusting wage increases to the level of inflation. The move follows the Govern-ment's decisioo severely to restrict credit in the banking system. Developing countries ended a six-day meeting at the weekend with a call for greater co-operation to compensate for the lack of dialogue

Lebanon

Japan backs bilateral talks

news agencies that "very soon we shall strike at one of the

vital American installations in

tion rate of 650 per cent. to the level of inflation. compensate for the lack of dialogue The country's powerful trade it is widely felt that last week's with industrialised nations, Renter union, the Peronist-controlled Gen- decision which limits wage, price reports from Cartagena, Colombia.

Chilean army warns of clampdown

#### By Mary Helen Spooner in Santiago

THE COMMANDER of Santiago's military garrison has warned that Chilean suthorities would impose special security measures tomorrow when Gen-eral Agusto Pinochet's regime celebrates its 11th year in power. The government anniversary

comes barely a week after Chilean opposition groups held a two-day protest against the Pino-chet regime, in which at least eight people were killed and hundreds were arrested.

Gen Rene Vidal, the garrison commander, said that while the situation in greater Santiago was considerably calmer since the protest, the Government would take special steps - which he did not specify - to avoid the sort of disturbances which crupted in poor and working class neigh-bourboods during the days of

cree - Analisis, Cauce and APSI magazines - were raided a week ago by government security agents who confiscated the latest

copies of these periodicals. Cauce magazine was initially erdered to stop publishing for five weeks; the latest prohibition

... necess, we tatest prohibition on photographs and drawings su-persedes the earlier publishing ban. digarh to stop a banoed rally Chilean authorities have also tomorrow by protesting farmers

lifted a measure against two Santingo radio stations.

# Troops move into Indian city to quell riot HYDERABAD-The army was

called ioto the southern Indian city of Hyderabad yesterday after at least four people were reported killed and 50 injured in communal violence. The Press Trust of India

(PTI) news agency sold the army had moved into the city and an indefiniate curfew had been imposed after the trouble broke out during a Hindu procession in honour of elephant god, Ganesh. the

The violeoce coincided with rising political tensioo in the city, capital of Andhra Pradesb, ahead of a crucial vote in the state assembly tomorrow to determine which state political leader holds a majority.

Mr N. T. Rama Rao, the Chief Minister, was dismissed in August 16 by the then governor. who said he did not have a majorily, and replaced by Mr Bhaskara Rao. Mr Rama Rao's dismissal sparked protests from his supporters who accused Prime Minister Indira Gandhi of

ingioeering it. She bas denied At least 25 people have died in protests in Andhra Pradesh since the dismissal.

Hyderabad has 3m people, 60 per ceot Hindu and the rest Moslem. Police said the attacks, mostly on Moslem-owned shops and hopes, begao simultaneously in

the middle of the procession in which thousaods of Hindus carried statues of Ganesh " It was a calculated attack on

property with looting and burn-iog." a police officer said. Meanwhile, police have arrested more than 1,000 people and tighteoed security in the Punjab state capital of Chan-

the official All-Iodia Radio reported yesterday. Reuter

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**Christians flee to south Lebanon** 

#### BY OUR TEL AVIY CORRESPONDENT

HUNDREDS OF Lebanese were routine and designed to Beirnt: Shadowy Islamic group Christians have sought refuge prevent the area being used in Israell-occupied southern again by Palestinian guerrillas Lebanon in recent days as as a base for attacks against Christians and Muslim Druze Israel. Kbarroub region, 24 miles the Christians bold their pos-sonth-east of Beirut, which tions in the coastal area so close separates the coastal highway to the Israeli from line. A from the Christians It is important for Israel that defeat for the Christians there

from the Chouf mountains. Israelt military patrols have would mean another setback crossed north of the Awali for Israeli policy in Lebanon. River, the Israeli front line in It is not likely that the Israeli Lebanon, in recent days, forces will make any major apparently in an attempt to moves before a new Israeli calm the situation Government is established.

The Army said these patrols Nora Boustany adds from the Middle East."

Venezuela optimistic over debt negotiation

Sr Manuel Arpurua Arreaza, Venezuela's Finance Minister, sald at the weekend that nego-tiations in New York to restructations in New York to restruc-ture much of the Government's \$27.5bm (£21bn) foreign debt were moving in "a very posi-tive direction" and that " the basis for an agreement should he reached in a short time." Joseph Mann reports from Carneas Caracas

Venczuela and a 13-member bank advisory committee, repre-senting some 450 creditor banks have been holding tatks since July 25 on restructuring the Government's foreign obliga-

for North and South Korea BY ROBERT COTTRELL IN TOKYO JAPAN SUPPORTS bilateral cant event of the visit was a welcoming speech made by Emperor Hirohito, Japan's bead

JAPAN SUPPORTS initerat talks between North and South Korea as a means of easing tensions on the divided penin-sula, according to a joint com-munique issued at the end of South Korean President Chun Doo Hwan's three-day official visite to Tokyo. Emperor Hirohito, Japan's bead of state, in which he described Japan's colonial occupation of Korea from 1910-45 as "indeed regrettable" and "unfortunate." The Emperor's speech was aimed at exorcising historical bitterness, lingering from the occupation period, which still tinges relations between the two countries. Japanese .reaction to Presi-dent Chun's visit has been sen visito to Tokyo. The communique also ex-

nressed Japan's support for President Chun's proposal that North and South Korea should both be admitted to membership.

of the United Nations. On the South Korean-Japan issues, the language of the com-munique was abstract and non-ted that the improvement of dent Chun's visit has been gennd non- ted that the improvement of many relations did notalso embrace

The Santiago military garrison has also ordered four opposition publications to cease publishing photographs and drawings and to have threatened to strike at U.S. interests in retaliation for the restrict their coverage of last week's protest to the inside U.S. veto last week of a United Nations Security Council resolu-tion condemning Israeli treatpages. The offices of three of the four ment of residents of southern publications affected by the de-An anonymous caller claiming to speak for the "Islamic Jihad (holy war) " and "Islamic Revo-lutionary Brigades" Saturday told two Beirut-based foreign

Bankers here last week said that foreign banks offered to restructure \$16bn of the total over nine to 10 years at 14 per cent over Libor or 11 per cent over U.S. prime.

#### **Bolivian** arrests

Bolivian security forces have arrested several people suspected of plotting to overthrow President Hernan Siles Zuazo this weekend, a senior govern-ment official said, Reuter reports from La Paz,

Sr Gustavo Sanchez, tho deputy Interior Minister, said the suspects, whom he did not identify, were being questioned about plans to kill government officials, military officers, politicians and trade union leaders.

#### Iraq reprieve

Mr Taha Yassin Ramadan, Iraq's Mr Taha Yassin Ramadan, Iraq's first deputy Prime Minister, was quoted by Kuwait's Al-Watan newspaper at the weekend as saying his country has tempo-rarily suspended attacks on sbipping serving Iran's main oil terminal at Kharg Island "to give a better chance to peace."

#### Khameini in Tripoli

President Ali Khamenei of Iran arrived in Libya at the weekend after a three-day visit to Syria and was greeted by Libyan leader Col Muammer Gaddafi, the Iranian mean agency Iran newspaper Peking. the Iranian news agency Irna reported, Reuter reports.

#### **Botswana** election

The ruling Botswana Demoratic Party won a powerful majority in elections for the National Assembly in one of Africa's few thriving multiparty democracies, according to results announced yesterday, AP reports from Gaborone.

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commital, containing many relations did general expressions of intended North Korea. general expressions of intended North Korea, receipt proposals of significance. Its friendly tone reflected. Diet (parliament), said it was however, the achievement of concerned that the acceptance of President Chun's visit, officially, both North and South Korea the first by a South Korean into the UN might serve to President to Japan, in generat-ing goodwill. The most signifi-

# Peking hopes to improve relations with Moscow

#### BY MARK BAKER IN PEKING

CHINA is hoping that the deadlock in Sino-Soviet rela-tions will be broken by a meet-ing in several weeks between its Foreign Minister, Wu Xuegian, and his Soviet counterpart. Mr Andrei Sino-Soviet trade next year. He sid the two counterparts

Sino-Soviet trade next year. He said the two countries Gromyko. bad recently exchanged lists of goods to be traded in 1985 under the annual harter trade arrangements and the level of trade " might be four or five Chinese Communist Party General Secretary Hu Yaobang bas said that China wants to bas said that China wants to use the meeting at the United Nations sessions which begin in New York at the end of the month, to revive its stalled dialogue with the Soviets.

trade "might be four or five million (swiss) francs." This compares with a trade volume of SwFr 2.8bn (\$1bn] stipu-lated in this year's agreement. Sino-Soviet relations, frosty for 20 years, have been parti-cularly strained in recent weeks with both sides making severe criticisms of the other's foreign policies and with China accusing President Konstantin Chernenko of lead-"This meeting might be one of the most important events at the United Nations this session," Hu told a Japanese delegation in

"China wants to use this chance to increase its contacts Konstantin Chernenko of lead-and talks with the Soviet ing an anti-Chinese campaign Union." But he added: "We since he came to power.

# China to cut back on construction projects

PEKING - China will cut down Recently, China's economic lead drastically on major new construc- ers have said serious imbalances in tion projects in the next five-year the economy that were building up plan from 1986, to economise and last year due to uncontrolled conpave the way for a forecast econom- struction have been brought under c boom in the 1990s, Chief Econom- control.

However, Prime Minister Zhao Experience over the past few Ziyang has said the Government years shows that unchecked invest- must still tread warily as it builds ment in construction projects puts a

serious strain on central funds and Local authorities have already re strangles real growth, he told an anquested money for 3,000 major proj nual national planning conference ects over the seventh plan. This

in Peking. The New China News Agency said the State Planning Minister told delegates that during the five-modernisation programme," Song year plan money would instead be said.

railways, harbours and large indus-

"The central task for the seventh trial plants which the Government five-year plan is to maintain a con- has defined as central to developinced steady growth of the nation-al economy and of people's living standards, and prepare conditions

slipped another three points against the U.S. dollar on Saturday Reuter, AP

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ic Planner Song Ping said.

up revenues.

concentrated on modernising and expanding existing enterprises. This would save funds, shorten more than 100 designated key conbuilding time and lead to quicker struction projects such as roads,

ment plans. China's currency, the renminbi,

for an economic boom in the last decade of this century," he said.

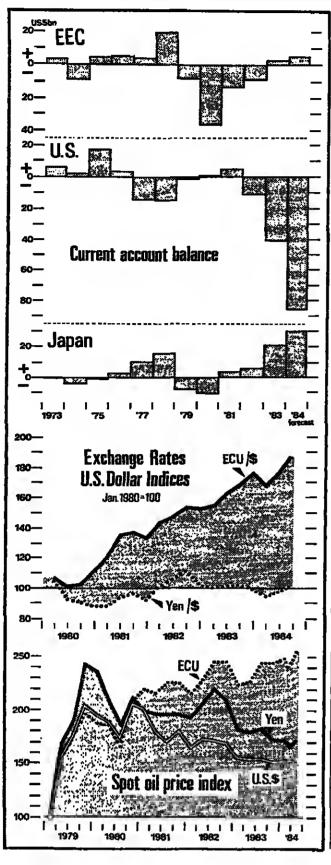
returns, he said.

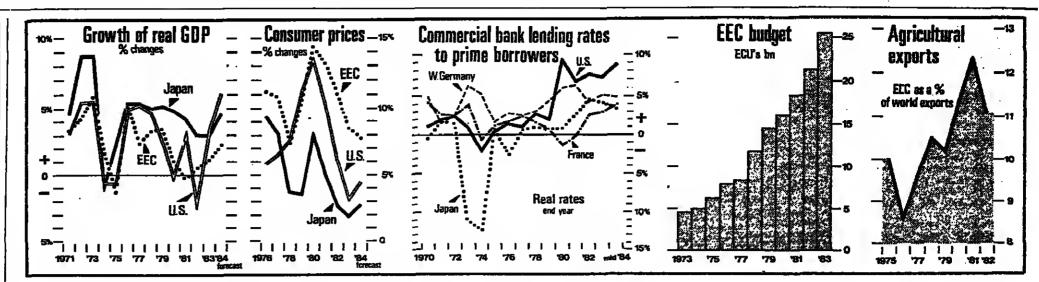
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JUNE 1984

#### **Financial Times Monday September 10 1984**

# **STATISTICAL TRENDS: EUROPEAN COMMUNITY**





# Inflation declines but growth low

THE EEC nations have emerged from recession, but their expected growth in real gross domestic product this year, at around 21 per cent, is substantially below that forecast substantially below that forecast for the U.S. or Japan. Inflation has fallen, narrowing a gap with the U.S., and the current account has moved into surplus with a reduction in the differences between individual member countries. Unemployment continues to

of the spending—63 per cent— goes on the Common Agricultural Policy, which took \$15bn in 1983. Continuing tensions arising from the issue of farm subsidies are set against the trend of real farm incomes. By 1981 they had fallen B per cent from 1975. Although 1982 saw o substantial increase in real terms, with a return to 1975 levels, a slight decline is expected when 1983 figures

The CAP has greatly reduced the need for imports of agricultural products, though the EEC is still a major importer. There has been a substantial increase in selfsufficiency in many areas, particularly milk products, cereals and sugar—leading to surpluses and a developing trade war with the U.S. in exports to third countries. In volume terms, imports

but exports have doubled. increasing the EEC share of world ogricultural exports. Imports from the industrialised British Commonwealth have fallen in relative terms, while exports to Asian, Caribbean and Pactflc countries are on the rise. EEC shares of world exports ccount for 10 per cent of cereals and 18 per cent of cereals and 18 per cent of sugar. On milk products, the Ten have half the world exports of butter and cheese and between 30 and 40 per cent of world production. At the same time, though, the Community is still the world's second largest importer of milk products, taking 10 to 15 per cent of world import trade. In an analysis of economic trends in the EEC for 1984/85, the economic department for

GDP to slow slightly next year to an underlying rate of about

Private consumption in real terms should continue to grow and real disposable income is expected to increase. The sub-stantial fall in the rate of inflation over the past three years should continue and further should continue and permet improvement is expected in the current account balance. Although there may be o modest expansion in jobs in the economic department for the Commission expects the current moderate growth of

1985, the continued expansion of the civilian labour force will lead to a further increase

Unemployment continues to	emerge.	have changed little since 1972. ond c	reese and between 30 and	2 per cent.	in the overall unemployment
increase, however, and interest rates remain high in nominal and real terms, influenced by	Unemployment	General Government Financial Balan	8	Imports	rate to around 11.5 per cent.
the high U.S. rates where the	*	% GDP at market pa	ices	Agricultural products by country of	
funding of the deficit plays o	U.S. Japan *EEC		1979 1981 1986 0.5 -1.0 -3.5	arigin	EEC Expenditure
dominant role. Government	70         4.8         1.1         2.1           71         5.8         1.2         3.0           72         5.5         1.4         3.1           73         4.8         1.3         3.0	U.S1.7 0.5 -4.2 -0. Japan 1.4 0.5 -2.8 -3.		*	ELO Expenditas o
deficits as a percentage of GDP	72 55 14 13 73 48 13 30	Japan 1.4 0.5 -2.8 -3.1 Germany -0.1 1.2 -5.7 -2.	-2.7 -4.0 -2.7	1973 1982 U.S.A. 17-2 20.3	%
increased over the period of	73 4.8 1.3 3.0	France 0.7 0.9 -2.2 -0.	~0.7 -1.8 -3.2	bed as the set of the set	1973 1983
the recession from 1979 to 1982,	74 6.5 1.4 3.1 75 9.3 1.8 4.5	UK 1.5 -2.7 -4.8 -3. Italy -7,1 -8.5 -11.7 -8.0		Commonwealth 14.1 10.3	CAP 81.2 62.7
but some falls occurred last	75         9,3         1.8         4.8           76         7.0         2.0         S.1           77         6.9         2.0         S.1           78         0.0         2.2         0.5           78         5.8         2.1         5.8			Mediterranean nren 11.8 9.6 South America 15.7 16.8	Social Fund 5.8 6.9 Regional Fund — 71.8
year, reducing the overall EEC	77 6.9 2.0 5.	• OECD estimates/forecasts,		South America 15.7 16.8 Western Europa 10.3 10.0	Industry, Energy
figure to 5.5 per cent. By 1985,	78 0.0 2.2 0.5 73 5.8 2.1 5.0	Labour Cost EEG	self-Sufficiency	ACP 10.8 12.3	Research 1.8 5.3
forecasts by the European Com-	80 7.0 2.0 6.0	Labout Cost	en-outificationes	Source: EEC Commission	Admin. and other 31.8 13.3
mission indicate a further fall	81 7.5 2.2 7.8	Relative Unit Labour Costs in a common	by-product %		
to 4.6 per cent. The strength of the U.S.	82 9.5 2.4 8.1 83 9.5 2.8 10.1	currency, % change		5	·
dollar against the European	83 9.5 2.8 10.1 941 7.0 2.7 10.5	EEC U.S. Japan Sugar	1967-77 1978 1962 82 125 155 91 128 114	Exports	Self-Sufficiency Compared
currencies has helped the	· Germany, France, UK, Italy, Balgium,	73 1.8 -11.8 13.5 Butter 74 -2.8 -4.4 4.1 Mulk Fa	91 128 114		con callenoney compared
competitive position of the	Netherlands.	75 6.8 -8-2 -2.2 Barley	100 112 118 103 112 113 100 108 38 97 107 104 101 103 71	Agricultural products by country of	by-product %
Community. EEC unit labour	t Estimatos,	76 9.2 3.1 4.2 Ryp	100 106 55		EEG U.S.A.
costs have fallen relative to	Source; OECO	77 1.7 -2.8 9.3 Wine	<b>97 107 104</b>		Wheat 118 315 Rice 83 250
competitors by around 20 per		77 1.7 -2.8 9.3 Wine 78 2.9 -7.3 10.8 Poultry 78 7.8 -1.4 -12.8 Seft W	101 103 711 aat — 302 121	1973 1982	Rice 83 250 Bugar 124 64
cent from 1981 to 1983, while	Productivity	90 5.2 0.2 -10.9 Real	aat - 702 121 90 95 705	U.S.A. 16.0 12.1	Sutter 178 121 Grain-Maize 62 160
costs in the U.S. have increased	ridencially	81 -12.7 13.2 8.4	Source: EEC	Western Europe 23.4 15.8 Mediterranees eres 14.5 14.0	Sutter 138 121 Grain-Maize 62 160 Beel/Vest 102 93
by 30 per cent.	Per person employed % change		Source: LEG	ACP 7.8 10.3	Beel/Vesi 102 53 Poulty Mest 106 106
The strong dollar has	U.S, Japan EEC			Source: EEC Commission	Eggs 101 104
prevented EEC countries	72 1.4 8.0 4.5	Com	panity Trade	Source: EEG Commission	Source: EEC, USDA
benefiting from the fall in	73 1.4 8.0 4.5 74 -2.2 ~0.8 1.6 75 1.8 2.8 -0.1 76 2.1 4.4 5.1	EEC Farm Spending	culture and Food Products		Source: End, Subst
world oil prices. In European	76 21 44 51	~9	Volume terms*	World Trade Exports	
currency unit terms, oil prices	77 1.8 3.8 2.2 780.4 3.7 2.7	by product 1982-83 % total	1963 1972 1961	Matin Itang Experis	
have increased by about 10 per	78 -0.4 3.7 2.7	Milk Products 28 Cereals 15 Imports	27.8 31.5 32.2	% shares	Commentary by Oor Economics
cent over the past year.	79 -0.9 1.8 2.4 80 -0.8 3.3 1.3	Exports Exports	5.0 10.8 22.7	1972 1982	Staff: data analysis by Financial
The EEC budget has grown	81 1.4 2.3 1.3	Olis/Fats 9.9 Salance	-21.8 -20.8 -9.5	U.S. 12 11.5	
markedly since 1973 but	82 0.0 2.0 7.7	Beef and Veal 8.1 • US\$br	at 1975 prices and exchange	Japan 6.8 7.5	
represents only some 24 per	83 2.2 1.0 1.8	Wina 4.3 rates.		EEC 21 17	graphs by Financial Times Design
cent of national spending, Most	Source; EEC	Source: EEC	Source: EEC Commission	Source; UN	Department

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North

Mobil

# There's a new girl on our block

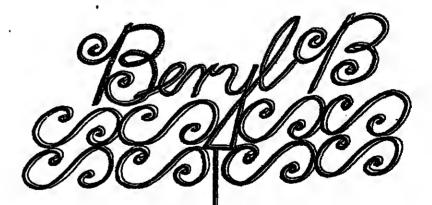
Beryl B is her name. And though she's yet to make her formal debut, Beryl B is already earning her keep, producing oil from Block 9/13 - Mobil's biggest operation in the British North Sea.

Newcomer rhough she might be, Beryl B has great connections. In only eight years, her elder sister platform, Beryl A, has produced more than 200 million barrels of crude oil.

Between rhem, the two Beryls will ultimately bring to the surface about 135,000 barrels of oil every day. That's nearly 10 percent of this country's total daily needs.

Or, ro look at it in fiscal terms, it's roughly equivalent to a daily contribution to the Exchequer of £2 million.

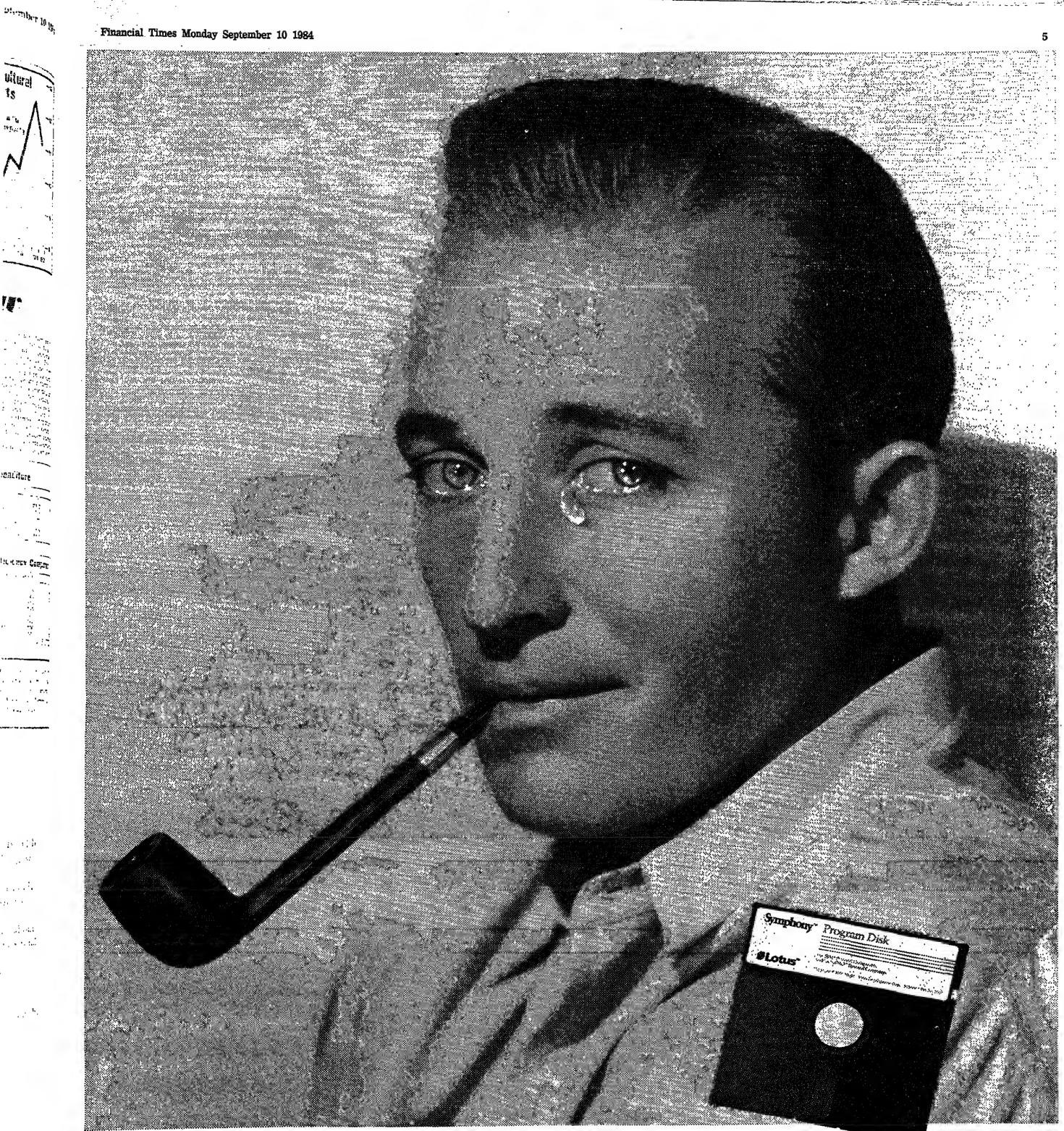
That's big money to be generated by such a pair of comparative youngsters. But then, Mobil and its fellow venture participants brought up the Beryl girls to be a sister act that's hard to follow.



Mobil **Beryl B** 

Califore

 $2s \rightarrow 4b$ 



# Could this be the biggest selling disc A few months after its release, the latest disc from Since White Christmas? one window the graphics the latest disc from Lotus" is romping up the charts. Symphony<sup>\*</sup> verge on the artistic (bar charts, line charts, not But for all this, Symphony is easier to learn

Lotus" is romping up the charts. Symphony™ is the follow-up to that other catchy number, the Lotus 1-2-3," itself the biggest selling software disc of all time.

But Symphony's success isn't altogether surprising. It takes the proven benefits of 1-2-3 then adds a few ideas of its own.

The spreadsheet, for instance, is even bigger (8192 rows by 256 columns, to be precise). The database is even better. Its graphics SYMPHONY NOW ANALABLE FOR THE IBM\* PC AND XT\*\* COMPAQ\*\* AND 100% IBM COMPATIBLES. 1-2-3 NOW AVAILABLE FOR THE IBM PC AND XT COMPAQ, OLIVETTE\* M24, 100% IBM COMPATIBLES, DEC RAINBOWT\* WANG PROFESSIONAL\*\* AND TI PROFESSIONAL COMPUTER \*\* 1-2-3\*\* and Symphony.\*\*

to mention exploded pie charts). All in colour.

Next, Symphony throws in word processing that matches the speed and the power of any popular WP program.

It adds communications that let you chat with computers anywhere.

And to cap it all you can put everything on the screen at the same time.

So that when you change the numbers in

US

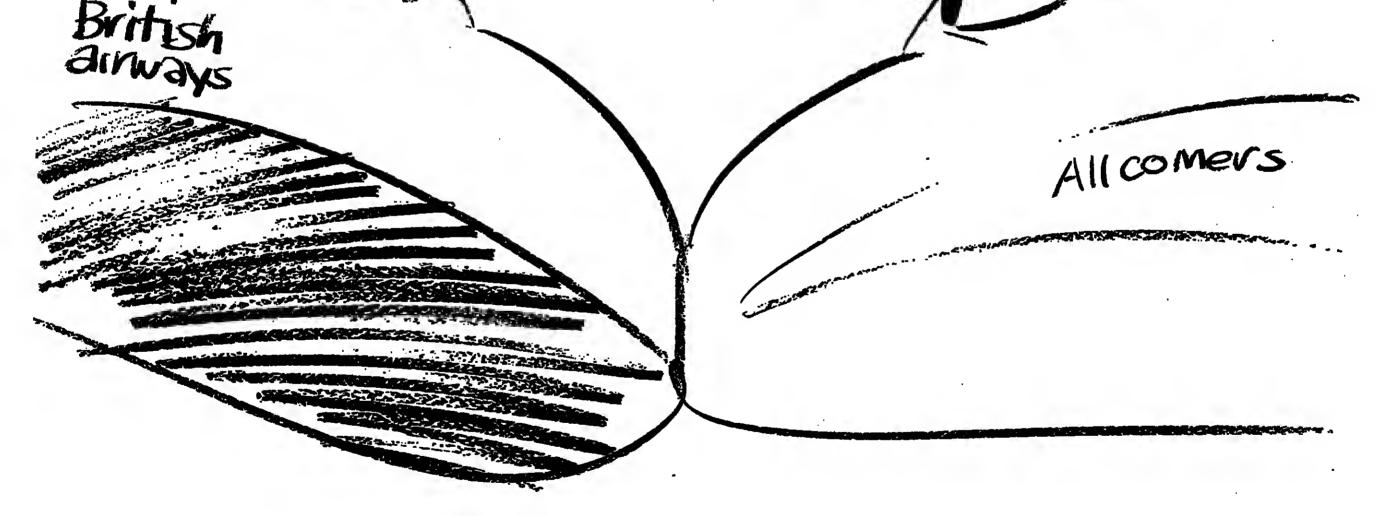
and simpler to operate than programs that do half as much.

To find out more about Lotus Symphony and the name of an authorised dealer call Teledata on 01-200 0200.

It may not capture hearts in quite the same way as Bing's disc, but for millions of executives it'll be music to their ears.

And may the best airline win.

6



The Civil Aviation Authority airline proposals recommend handing over 30 major routes that British Airways currently operate to other British airlines on a plate.

This would simply substitute another airline for British Airways on a route, and would give no additional choice at all to the British fare paying passenger.

Financial Times Monday September 10 1984

It does nothing to stimulate a better service since there's no extra competition.

And it will greatly damage our airline industry as a whole, and benefit major foreign airlines. First, because the foreigners will no longer have to compete with the strongest national carrier.

And second, because there's no guarantee that passengers who would normally choose British Airways would be happy to switch to

other British airlines.

Particularly in overseas markets where they might well be unknown.

Wouldn't a more sensible way of maintaining Britain's share in this fiercely competitive market be to allow other British airlines to fly *in competition* with us on the routes they choose? Not instead of us.

Indeed, with a bit of healthy competition we should build on Britain's share British between us.

Let's put it to the test, and **all'Ways** may the best airline win.

The world's favourite airline.

**Farmers'** 

milk quota

trade may

be curbed

THE MINISTRY of Agricultore is

nean Commission, which is seeking

an explanation from London. Under the EEC's March agree-

ment to curb runaway milk produc-tion, UK farmers have been told to

cut back output by 9 per cent. Ow-

By Andrew Gowers

# WORLD TRADE NEWS

# Singapore, Hong Kong backs defiance Japanese of U.S. textile curbs

AY DAVID DODWELL IN HONG KONG

HONG KONG textile manufacturers which defy stringent new curbs on exports to the U.S. and continue to ship goods in accordance with existing hi lateral agreements will get government backing, Mr Hamish McLeod. Hong Kong's trade commissioner, signalled this weekend.

weekend. Mr McLeod had just returned from an emergeocy meeting in Geneva of the Gatt Textiles Committee at which textile ex-porters from the developing and industrialised world condemned the U.S. for the new rules, which were announced uniterative on were announced unilateratty on August 3, and came into effect

on Friday. They say the rules, which call for more detailed documentation and involve a new interpreta-tion of where garments originate, are in breach of the Multifihre Arrangement, are contrary to rules of the General Agreement on Tariffs and Trade, ignore the basic principle that changes to trade agreements should only he made after consultation and are in any case

confused. Hong Kong has heen a promi-nent critic since it, with China, is likely to be seriously effected to the abanges. Local textile to the U.S., we can take this up in the U.S., and can take talks with the U.S., and can take to the Textile

BY ROBERT KING IN TAIPEI

CHINA said Friday that new U.S. rules limiting textile imports could provoke retailalion, and warned that the U.S. may "eat its own bitter fruit" if it hulles other countries, AP-DJ reports from Peking.

A harshly critical commentary in the Communist Party newspaper, People's Daily, said "There is no reason to assume the U.S. can unliaterally violate international sgreements and res-trict and harm others, without inviting measures." counter-

year. China has sald that a similar number of jobs are under threat in Guangdong Province which borders Hong Kong.

**Rules raise few fears in Taiwan** 

Mr McLeod, speaking after a meeting of Hong Kong's Textile Advisory Board, said: "When and if particular shipments properly licenced in Hong Kong in accordance with the bilateral textile agreement

the Hong Kong authorities as they try to persuade the U.S. to reverse its new regulations. It was seen as an assurance of support for exporters willing to

defy them. While the Geneva meeting failed to extract a compromise from the U.S., Mr McLeod said he was pleased with the out-come: "It went as far as any textile committee will ever go in isolating and criticising one of its members," he said. U.S. trade partners remain U.S. trade partners remain convinced that the new restric-tions have less to do with dis-ruption of U.S. industry than with President Reagan's efforts to win the support of the powerful U.S. textile lohky

as part of the political horse-trading ahead of the presiden-tial election in November. "If their concern is genuinely circumvention, then

there are avenues provided under existing legislation to satisfy them." Mr McLeod said. U.S. officials said in Hong Kong that the regulations were interim ones, and that the opinions of trading partners were being sought until early October, when the changes would be reviewed. Pressure from textile exporters will conby the changes. Local textile table of the Co.S. and table trom textile exporters will con-industry associations estimate such cases to the Textile tinue right up to October 17, that at least 60,000 jobs will Surveillance Board of Gatt." when a further emergency be lost, and exports worth This is one of several courses meeting of the Textile Com-HK\$2.2bn (£220m) lost per of action heing considered by mittee has been called.

**MRT** deal By Chris Sherwell In Singapore

JAPANESE - SINGAPORE A JAPANESE-SINGAPORE joint venture has won a major S\$164.4m (f60m) construction contract to huild the main depot for the island state's mass rapid transit (MRT) metro system, heating British and other international contenders. other international contract for the MRT's computerised control system went to a Franco-Singapore team edging out Westinghouse Brake and Signal of the UK which was hidding for its third contract.

The intriguing feature of the depot contract, which went to Nishimatsu of Japan, and Lum Chang Building of Singapore, was that an attractive financial offer which came with the price made a "material difference" according to the MRT Corporis ation

Most previous contracts have been decided almost exclusively on one criteria - cash price. The contract was originally

for both construction of the depot and supply of equipment and machinery, but was split in two. Henry Boot International of the UK was in the running for the first award. Vickers of the UK is bidding for the of the UK is hidding for the separate equipment contract against Japanese, French and West German competitors,

The contract for the super-visory Control System (SCS) went to Sodeteg of France, and Singapore Electronic and Engineering, a Government-controlled corporation.

Losers Westinghouse Breake

'Avoid courts in recovering Latin American debts'

By Christian Tyler, Trade Editor COMPANIES WITH trade debts in Latin America should move quickly when payments fall due hut should go to law only as a last resort, according to profes-

For dehts of fim and less, lawyers

Even large hanks sometimes

# Ministers seek to settle venture wins BA route transfer row

#### BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

EFFORTS will be made this week ment that BA should give up routes from Gatwick airport, London, from at ministerial level to try to settle UK provincial airports to Europe, and some intercontinental routes. the increasingly bitter row over proposed route transfers from state-owned British Airways (BA) to the The row between the airlines UK independent airlines. reached an unprecedented level at

**UK NEWS** 

The Cabinet is expected to con-the weekend with British Airways sider the matter on Thursday, al-and the independents taking full-though a sub-committee of Cabinet page advertisements in newspapers. BA has taken another adver-tisement in today's Financial ministers set up to try to reach cooclusions on the issue is believed to Times. There has also been extenwant to reach a compromise before

Because of the pressures of other Cabinet husiness - it is the first meeting since the parliamentary summer recess - it is possible that the affair may be deferred. It is known that ministers are divided on the question of whether to hive off some British Airways routes to the independents. Some are be-lieved to feel that a delay may help tion Authority's proposals for en-to cool the temperature of what is forced transfers - if necessary hy already a damaging dispute in the legislation or by changing the air-UK civil aviation industry and line's articles of association - it would give more time to find solu- would face a revolt by the entire BA

board.

The board would not resign but The transfers have been pro-posed by the UK Civil Aviation Au-thority to increase competition. It transfers, and explain why it was closer to 20 to 30 per cent of the has recommended to the Govern- taking its stand. That, in turn, traffic

Social Democratic Party conference

**Owen rejects merger** 

King, includes several eminent City of London businessmen, the situaexpected to take e first step this week towards regulating a growing tion would become a considerable trade in milk production quotas embarrassment for the Govern-ment it would throw plans to BA's among dairy farmers. The trade, over which there is considerable legal confusion, has aroused the interest of the Euro-

board

might force Mr Nicholas Ridley, the

Transport Secretary, to sack the

As the board, headed by Lord

privatisation into disarray. The BA board feels that, having done the joh asked of it - to restruc-ture the airline and restore it to sive lohhying of ministers. The aim of the newspaper cam-paign is not so much to convince profitability prior to privatisation -the Government should not now change the rules.

the public for or against route transfers, but to ensure that the Cabinet itself is left in no doubt of BA feels that the compromis cut back output by 9 per cent. Ow-ing to the summer drought and to the range of ways in which output can be reduced, cuts have been un-even from farm to farm. As a result, farmers who have been allocated a quota that they cannot use have taken to selling it in others, insetter with a narrel of plan it announced last week - of the depth of feeling on both sides. BA for example, has made it clear permitting the independent airlines to fly in competition with it on to the Government that if the Cabimany routes - offers an honoural way out of what has become a diemma for the Government.

BA denies suggestions that any such competitive re-alignment on its routes would restrict the indeto others, together with e parcel of grazing land. pendents to between 9 and 12 per cent of the overall UK share of the

the fact that quota cannot be sold in isolation under the UK system; it must be linked to land. But the Gov-

ernment's legislation is vague as to eractly how much quota is to be linked with how much land Farmers have thus been selling off tiny amounts of land with large

The legal anomalies arise out of

production quotas. The Commission, concerned that British rules differ from those in other EEC countries hy allowing farmers to "reidentify" their hold-ingr or to attach wilk workpring to ings, or to attach milk production to any part of their land, has written to the Government demanding clar-

Partly to pre-empt EEC concern, the British Ministry is expected to set an informal limit this week stipulating how much quota can be attached to a given plot of land.

**Jaguar** faces pay challenge from unions

By Tony Moreton

be permanent and not a temporary JAGUAR CARS, recently returned to the private sector, faces its first challenge from the trade unions to If this reassurance is provided. these Liberals argue that the au-tumn's delicate negotiations over the allocation of Westminster seats day. They will submit a £25 a week pay claim, worth more than 20 per

The trade unions are also demanding a management commit-ment to review the present pay structure - a move, which accordin to one union leader, could open an old wound and phinge Jaguar "back into the pay anarchy of a few years

TAIWAN 1S not complaining 2 per cent of Taiwan's \$4.6hn TALWAN is not complaining 2 per cent of an about the U.S. Government's in textile exports last year. ruling stems from its fears that new regulations covering textile "None of the hig manufac- the new regulations might

maximum of \$100m, or about sentatives.

The board's objection to the

new regulations covering textile "None of the hig manufac-imports, because their effect on turers is worried abont the this country is likely to he ruling, because they don't think it will have any impact on Except for imports of high-value piece goods from Japan. Imports of garment Trade, which oversees imports almost all phases of garment Trade, which oversees imports island. Exceptions are rare: industry estimates place the value of goods likely to be stood, members have already affected by the new ruling at a discussed with U.S. trade repre-maximum of \$100m, or about sentatives. understanding of what is re-quired of them.

EEC to probe titanium dumping

#### BY PAUL CHEESERIGHT IN BRUSSELS

TITANIUM products used in high technology industries such as aerospace have been drawn into the complex of trade rivalries between the

Community non-ferrous metal producers. Their concern has been that the U.S. and Japan have increased their market share at a time when consumption has been falling.

products on the U.S. and Japanese markets, but the Commission said that on the hasis of production costs it sional debt collectors. appeared that the dumping margin was significant.

London,

everything.

More aid urged for

The MRT Corporation said its hid was "technically the best" and highlighted the flexibility of its software design.

Losers Westinghouse Breake and Signal were partnered with the troubled Keppel Shlp-yard, also a Singapore Government-controlled com-pany. Westinghouse had pre-viously won both the major signals and hrakes contract, and thus finishes with two suc-cesses out of three hid.

The Council for Social Democracy, the party's policy-making body, urged co-ordinated Western growth of at least 4 per cent a year through the 1980s, together with a new in-ternational monetary system to stabilise exchange rates and aid world trade. This would help to finance aid to

developing countries of 0.7 per cent of gross national product a year the level recommended by the United Nations.

The Council also passed amend-ments, against the advice of the leadership, condemning the "ideo-logical bias" of the International

with Liberal Party developing BY PETER RIDDELL, POLITICAL EDITOR DR DAVID OWEN, leader of the So- voters said a merger would make countries

cial Democratic Party (SDP), yesthem more likely to vote for the Alterday firmly rejected a merger be-tween the SDP and the Liberals beliance Dr Owen said that the SDP/Libfore the next general election.

eral Alliance was showing that two independent parties could work to-His comments came on the first day of a four-day meeting in Bux-ton, Derbyshire, of the Council for Social Democracy, the party's 400-strong parliament. Doubts surfaced geth The Mori poll will be quoted by those who favour closer links in the Alliance in the debate about future relations. This group, including some close advisers of Mr David Steel, the Liberal leader, is looking among e minority of activists at the conference about Dr Owen's emphasis on the social market econofor a commitment at Buxton from

The issue of a merger between SDP leaders that the Alliance will the SDP and Liberal parties expedient. which formed an alliance before the general election last year - has re-emerged after the publication yes-terday of a Mori opinion poll. This showed that a small majority of SDP and Liberal supporters was in favour of a merger. A quarter of all between the Liberals and the SDP

may become somewhat smoother. Government urged to

ing powers of national commerce, the EEC, the U.S. and Japan,

The European Commission has announced it is opening an anti-dumping investigation into U.S. and Japanese sales of the products on the Community market.

The complaint being followed np was lodged by

# **Philips** agrees compressor deal with China

#### By Our Trade Staff

CHINA'S National Technical mport Corporation and Philips, the Duich electronics concern, have concluded a Fl 70m (£16.6m) contract which will enable the Ministry of Light Industry to set up a modern production facility of highquality compressors in the corporation's Peking refrigeratoc tactory.

The agreement includes the supply of machinery and know-how for the ultimate production of 1m refgrigerator compressora a year.

vear.

at Zaragoza.

Gould, the U.S. computer systems company, has won a \$5.5m order to supply 11 compulcr systems to China AP-DJ reports from Hong Kong, Re-lated software, spare parts and special training are also in-cluded. The systems will be used al 11 universities in China for software development and f44.9m. Spanish exports of vehicles studies,

and transport equipment in the first half of this year more Statoil of Norway, is to participate in oil exploration on the Chinese continental shelf. Renter reports from Oslo. The agreement follows talks agreement follows talks between Mr Kaare Kristlansen, the Norwegian Energry Minis-ter, and Tang Ke, his Chinese counterpart, in Peking last

SHIPPING REPORT

ACTIVITY PICKED up in dry

market was subject to a good

Dry cargo activity rises

cargo markets last week, with June, however. It consits of the higher rates for grain across rates for more than a dozen

the Atlantic. Inquiry was more representative charters re-

lively than in previous weeks, ported daily by a panel of Lon-

deal of speculation and rumour. U.S. Gulf to continental

experimental Baltic Freight In- some way helow the levels of

dex, which has moved up early summer. There was also steadily from 889 at the start speculation in the week that of August — its low was 854.7 Soviet charterers had booked

on July 7 --- and exceeded 990 vessels for grain from the U.S. m Friday. or Latin America.

One indication of the rise in Europe went above \$8.60 a ton

trade has been the level of the last week, though this is still Belgium

BY ANDREW FISHER, SHIPPING CORRESPONDENT

ters went unconfirmed and the don shiphrokers

Community producers has fallen from 64 to 35 per cent between 1981 and 1983. But between 1932 and 1984, it is charged, the imports from the U.S. and Japan increased their share of the market from 48 to 61 per cent. At this stage there is no

Capacity ntilisation amo

reliable information on the selling prices of the litanium

has completed a dumping investigation on oxalle acid sales in the EEC from Brazil, East Germany and Spain. Bolivar International Group, As a result Brazil now faces which advises Western creditors. an anti-dumping duty of 176 per cent, while East Germany has given an under-faking to raise its prices and "Experience shows you will never win if they want to fight --there are so many loopholes in the law," he told a seminar in

Meanwhile, the Commissi

the proceedings against Spain have been stopped.

Spanish car sales wipe out UK trade surplus

group.

UK

US.

France

Italy

Japan

W. Germany

Netherlands

#### BY DAVID WHITE IN MADRID

by General Notors at its plant

Britain's trade with Spain

had already swung into deficit in the second half of last year, although for the year as a whole

the UK achieved a surptus of

This index was 1,000 in early

The rate for grain from the

THE SHARP rise in sales of Spain dropped hy 4 per cent to Spanish-made cars in the UK- £398.5m.

found to our amazement that we are collecting debts today which have been outstanding since 1978." hone of contention in the Sales of British vehicles and British motor industry-is the main factor to have cost Britain transport equipment in Spain also increased, but at a more modest rate of 19 per cent, to £52.5m. railed to take elementary pre-cautions, like investigating the the surplus which it achieved last year in its trade with Spain. status of clients to whom they The concern of UK motor were lending hundreds of thousands of dollars. Some Figures published by the unions and of BL over Spaulsh imports has been further exacerbated this year by the British Embassy in Madrid show clients turned out not to exist a deficit for the UK of £211.7m in the first half of this year

at all. Exporters should not sell just prospect of a new sales cam-paign hy the state-owned manufacturer Seat, with owncompared with a surplus of for the sake of making sales and £147.1m in the same period last should avoid completely trading design vehicles produced with assistance from the Volkswagen British officials said the trade on open account, he said. performance had been affected by the launching last year of the Vauxball Nova car, made

The argument centres on the Failure to end unitary low tariff of 4.4 per cent applied to Spanish cars entering EEC tax 'upsets UK groups'

countries. This compares with a standard 36.7 per cent tariff imposed by Spain on its car imports, although an agreement to import 15,000 EEC cars at BRITISH companies were greatly worried hy the failure of states in the U.S. to repeal unitary taxation legislation. Sin lower rates was recently renewed for a second year. Other steep increases in Spanish sales to Britain took place in the food sector (71 per Terence Beckett, director general of the Confederation of British Industry, aald, Our

World Economic Indicators

UNEMPLOYMENT

fuly '34 3, t00.5 12.9 June '34 8, 130.0 7,1 2,112.6 7.8 2,147.7 9,4 2,914.S 12.9 815.9

14.6 545.7

13.4 May 84 1,600.0

Source (except U.S., UX, Japan): EuroStat

Aug. '84 3,115.9

July '84 8,543.0

7,5

8,2 2,184,4 9.6 2,894,4 12.8 8t5,4

14.6 606.6 14.8 june '84

1,630.0

12.9

000's %

600's

800's

000's % 000's

000's %

000's

Trad eStaff writes. than doubled to £160.4m com-pared wth £72.3m in the same period of 1983, and made up by far the most important export category. Total Spanish sales to the UK were almost 48 per cent up at f\$10.2m while UK exports to fallo.2m while UK exports to Unitary taxation is a method of assessment, used by 12 tates, that takes a company's worldwide earnings into account no tjust locally-declared profits. Sir Terence said 60 British

companies were affected hy the system.

June 84 3,029,7 12,6 May 84 8,514.0 7,5 2,133.2 7,9 2,167.5 9,5 2,929,7 13.0 807.2 14.4 552.1 13.5

Apr. '84 1,680.0

Aug. '83 3,009.9 12.5

July '83 10,600.8

9.5 2,202.2

8.2 1,893.3 8.3 2,600.5

11.5 810.4 14.5 605.2 14.8

June '83 1,480.0

region, rather than nig city firms, should be employed, according to Dr Arnaldo Monetary Fund (IMF) and criticising sales of arms to Third World countries. Ramirez-Eva, director of the

By Kevin Brown

conference.

A BIG INCREASE in aid to the

Third World, financed by much

higher economic growth rates in the industrialised countries, was called for by the Social Democrats'

Council members argued that the IMF was increasingly dominated by U.S. policy priorities and accused arms manufacturers of diverting resources which could be devoted to technical assistance. Mr Christopher Brocklebank-

It was better to negotiate Fowler, accused the Government of deliberately reducing the percen-tage of British gross national prodeven on what looked like "outrageous" ierms than to lose uct devoted to aid. Dr Ramirez said an overdue payment should not be allowed Mr Anthony Sampson, speaking for the party leadership, urged the

to go for more than three months, without the creditor moving "and moving force-fully." He added: "We have Government to take care not to provoke revolution or e financial default by debtor nations.

change Falklands policy BY IVOR OWEN

LEADERS of the Social Democratic Council envisaged arrangements Party won overwhelming support under which Britain's sovereignty from their rank and file supporters over the Falkland Islands is either for their demand that the Governshared with or transferred to the ment launch e diplomatic initiative UN or the Organisation of Ameri-aimed at ending the need for the can States - which includes the U.S. costly "Fortress Falklands" policy. - subject to Britain retaining undis-

Despite a lone declaration of dissent, the Social Democratic Council backed the view of the policy committee that the long-term objective should be to refuse to allow the Falkland islanders to veto any proposed change of sovereignty.

cost over £500m in the coming year. | week bonus ceiling, A resolution approved by the

ago." While the Jaguar management might be concerned at the size of the workers' claim, there is dismay within Austin Rover - still firmly within the public sector - at the bids emerging from its factories. Workers in the Cowley assembly

works, Oxford, have lodged a claim foc a rise of almost 50 per cent.

puted sovereignty over South Geor-gia and the South Sandwich is-lands. Shop stewards in the plant, sub-ject to a rash of unofficial stoppages in recent weeks, are demanding not Mr John Roper, who was SDP only a £20 a week pay rise but also

Chief Whip in the House of Com-mons, until defeated in last year's consolidation of the present produc-tivity-linked bonus scheme. Shop stewards are insisting upon general election, estimated that the Fortress Falklands policy would automatic payment of the £30 a

NATIONAL DOCK DISPUTE CAUSES INCONVENIENCE BUT NOT WIDESPREAD DISRUPTION Industry gets around the strike

#### BY OUR LABOUR STAFF

BRITAIN's second national dock strike of the summer is causing ex-pense and inconvenience to indus-borne trade are open, and compatry rather than major disruption, nies have generally been able to and has unsettled but failed to un- switch imports and exports, where nerve London's financial markets, necessary, to other major ports Fingers are being crossed, however, which are still working such as in the hope thet the dispute does Dover and Felixstowe. Smaller east not worsen. The Government believes that traffic.

the strike could go on for months rather than weeks at its present level without crippling the econo-with than the one in July. There my, though it acknowledges that a bas been less of a rush to freight by lengthy stoppage would be very un-comfortable for strike-hit part au-

a state of emergency. The muted City of London reaction is in sharp contrast to the near container ships now being diverted panic which followed the July strike to ports in continental Europe. and forced a sharp rise in interest The extre cost of trans shipping

rates. The City's confidence is fragile. however. Cootinuing deadlock in the min-

ers' dispute and even a limited docks strike running into October would carry the risk of sparking a new crisis of confidence in financial markets, many brokers believe. That in turn could put renewed pressure on interest rates and bring a further slowing of the economy. Eyes will be on the Port of Lon-

don today to see if there is e sizeable return to work following the employers' ballot last week. If the strike does not collapse, however, the only glimmer of e hope is that talks planned between steel and miners' unions will result in a deal on coal supply quotas which would resolve the original dispute in Scotland – and that is a slim chance. able to escape the full impact of the strike. Pulp has been coming in

Industry fears that the union will slowly tighten the stoppage as it did Rochester and Sheemess in the last week, when men at Coole, Flee-South East, and stocks within the twood and Great Yarmouth joined the strike.

Even so, ports normally handling strike-bound ports, since many traders would probably stick to any coast ports are also carrying more new cargo arrangements they had

In general, industry seems to be finding this strike easier to cope with than the one in July. There

comfortable for strike-hit part au-thorities and some companies. It has no plans to intervene or declare a state of emergency. The longer the dispute lasts, how-ever, the more telling its effects will be. This will particularly apply to trade with the Far East, much of which goes via Southampton in big

goods across the Channel to Britain can be high. Transport and distribution generally accounts for 10 to 20 per cent of total costs of companies doing business abroad and can be considerably more for isolated mar-

kets. No major problems have been reported by such major exporting sectors as cars and whisky. Raw mate-rial imports have tended to suffer dockers there worked, despite the presence of around 50 pickets. more because, unlike containerised The Scotch whisky industry, general cargoes, these are harder to which last year sold £858m worth of switch around. liquor abroad - a quarter of it to the

With the bulk chemical and oil U.S. and a quarter to the EEC port of Immingham on Humberside could start to be hit if its secondhalf pre-Christmas trade is disruptnow working, as well as many oil and chemical companies' own terminals elsewhere, the effects have More whisky is shipped in the been limited. cond half than the first, much of

The paper industry has also been it from strike-bound Clydeport. Distillers said its North American distributor had stocks for three or four through non-striking ports such as months, so the hold-up on shipments was not yet serious. country are enough for four or five

Mr David Royce, director general were causing slight delays. Liver-of the Institute of Export, said: The pool and Southampton, which it effects are not grotesque if the uses, are strike-bound, but Felixstrike does not last very long." stowe. Harwich and others remain He thought the worst effects available.

would be on future business at the The motor industry has felt little impact. Vauxhall, for instance, says it has maintained production though it admits that extra costs have geen created by making al-ternative arrangements for moving cars and parts between the UK and Companies and freight forwarders are unwilling to describe how ingenious they have been in cir-Spain, Belgium and Germany. Its normal ports are Bristol, Sheerness cunventing the strike. Some high-

value and lightweight cargoes such as electronic goods or small maand Hartiepool. The grain trade - faced with e record UK cereals harvest - is getchine parts are being sent by air freight. This costs more and clearly ting through the dock strike by shifting shipments to strike-free

ports such as the smaller outlets on the East Anglian coast.

The large depots built by grain shippers Cargill and Continental at Hull and Southampton are dormant. According to one trader, how ever, the main factor depressing British cereals exports this year is not the strike but the fact that EEC export subsidies have mainly gone

to French producers so far. The total harvest this year is set to exceed 24m tonnes, with an expected exportable surplus of about 7m. So in theory the trade is look-ing to exports to take the pressure off a severely glutted market. Farmers are worried that the strike could interfere with trade if and when the EEC authorises larger amounts for export.

With crops already gathered in the south and the harvest in East Anglia - by far the largest portion drawing to e close, large quantities of grain are piling up in barns and warehouses. Prices have tumbled as e result, with UK average prices below £100 a tonne for the first time in two years and well below the offi-

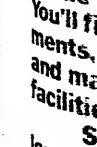
Teachers said it had made alternative arrangements for over 90 per cially guaranteed intervention lev-cent of its whicky exports which els.



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need to change ports at short notice for many cargoes, especially if the extra distance is long. "You can't

erodes profit margins. So does the

suddenly switch arrangements, put the cargo on a lorry and take it to aburg, Antwerp, or Rotterdam and not incur extra costs," commented Mr Rovce. If picketing at ports like Felix-stowe is stepped up this week, com-panies fear their trade will suffer much more. On Friday, all 1,150

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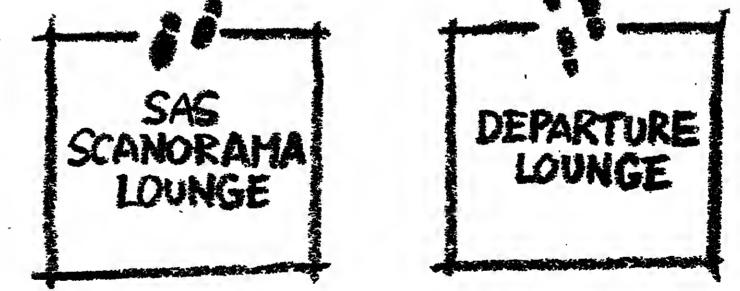
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# SAS announce their departure from the Departure Lounge at Heathrow.



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# **UK NEWS**

### Discounts **Treasury presses for** urban aid cuts to return to truck meet spending target market

#### BY PETER RIDDELL, POLITICAL EDITOR

substantial cuts in planned public expenditure on house improvement grants and on urban aid to help offset large unavoidable increas spending on other Whitehall programmes

The Department of Environment and Social Security budgets have emerged as the main targets of the Emerged as the main targets of the Treasury as intensive discussions begin this week between Mr Peter Rees, the Chief Secretary to the Treasury, and other ministers about how to hold down total ex-cenditions to the plasmed local of penditure to the planned level of £131.6bn in 1985-86. This limit was confirmed by the Cabinet in July.

confirmed by the Cabinet in July. Spending departments have, however, put in bids for an addi-tional C5bn to f6bn next year, of which well over C2bn is regarded by the Treasury as unavoidable. This reflects a combination of the higher than expected level of unemploy-

THE TREASURY is pressing for ment, a big overshoot in local authority expenditure and a smaller rebate on the EEC budget than previously assumed. es in In addition, there is likely to be a carry-over of increased spending re-

sulting from the higher than planned level of pay increases in the public sector, as well as from the probably substantial costs of the miner's strike. The Treasury's room for manoeuvre is further limited by the concor dat reached last year over the medi-

ter of the overall total.

# Insurance company assets rise 19%

#### BY ERIC SHORT

TOTAL market value of UK insur- at £35bn accounted for over one ance company assets at the end of third of the total, with a strong rise 1983 was £114.5bn - 19 per cent in unit trust holdings - reflecting more than at the end of the previ- the continued growth of unit-linked ous year - according to figures pub-lisbed in the latest edition of British Overseas Overseas company securities a

Business, the journal of the Depart. £7.7bn accounted for 8 per cent of ment of Trade and Industry. Total assets of self-administered Total assets of self-administered seas government securities at pension funds increased by 25 per cent over 1983, reaching £106.2hn at Holdings in land and property de-

the end of the year. Long-term insurance funds ond successive year, the overall climbed from £79.9bn to £95.9bn holding of £17.2bn being 16 per cent

over the year, with over half this in- of the total. crease coming from the rise in stock market values.

UK gilt hokings of long-term insurance funds at £25.8bn accounted for just over one quarter of the unities another 5 per cent. UK equi-overall assets - a slightly lower pro-portion than at the end of 1982. The oversees equities 7 per cent and proportion of long-dated gilts in the property 9 per cent. overall gilt holdings again declined. Overseas equity holdings in-to 47 per cent against 54 per cent a creased sharply for the fourth suc-

year earlier.

INQUIRY REOPENS INTO SIZEWELL REACTOR

# Miners set for another battle

#### FINANCIAL TIMES REPORTER

Financial Times Monday September 10 1984

### **BUSINESSMAN'S DIARY** UK TRABE FAIRS AND EXHIBITIONS

London

September 10-11 The Textile Institute: Textile Institute of Information design stralogy—from yarn to the consumer (061-834 8457) Scientists. European funding for business (0207 500957) Support Strategy St Newcastle-upon-Type

London Newcestle-upen-Tyne September 10-14 October 2 University of Wales Institute of Institute of Taxation: Tex Science and Technology. Ships' Planning and the Family costs (0222 42588) Cardiff September 13-14 RAF Chub, Piccadilly INSIG: International seminar on bank staff managemont (Paris InterContinental Hotel, Parks September 14 The Economist: Reforming British taxes—can fundamental September 13-9 FT Conference: Management

September 14 The Economist: Reforming Uriouer and British taxes—can fundamental FT Conference: Management FT Conference: Management Strategy for the Financial Services Revolution (01-821 1355) Inter-Continental Hotel, London October 22-23 Metal Bulletin's third inter-metional aluminium congress Total Services (01-621 1355) The Conference: Electronic financial services (01-621 1355) Barbican Centre

Current

7000) 116 Fait Mail, SWI September 16-18 Metal Bulletin's third inter-nalinnal aluminlum congress (01-633 0525) Munich Sheraton September 17 September 17 Longman Seminars: Cross-border financial planning for individuals —a passport to rsuccessful tax planning (01-242 2548) Barbican Centre, EC2 Marbican Centre, EC2 September 18 Marbican Centre, EC2 September 18

September 15 Mnnadnock/Middle East Associa-tion: Islamic banking--its im-pact nn world financial and com-mercial practices (01-253 5909) London Press Centre September 18-20 September 10-13 Bullders Merchants' Exhibition BEMEX (01-680 4200) Wembley Conference Centre September 11-22

Chelsea Antiques Fair (0727 56069) Chelsea September 18-20 Premiums Sbow (0622 671081)

Premlums Show (0522 671081) Wembley Conference Centre September 19-23 Personal Computer World Show (01-486 1951) Olympia 2 September 21-25 International Broadcasting Ex-hibition (01-240 1871) Brighton September 23-25 International Garden and Leisure Exhibition GLEE (01-390 2211) NEC, Birmingham

NEC, Birmingham 2211)

2211) NEC, Birmingham September 25-27 Semiconductor International Ex-hibition (0I-891 5051) NEC, Birmingham September 28-30 Home and Business Security Exhibition (01-387 5050) Olympia September 30-October 2 Enching Check Exhibiting (01 200

Fashion Shoes Exhibition (01-739 3817) October 22-24

Exhibition o International Technology, Equipment and Service Banking, Insurance and Finance (021-705 6707)

Barbican Centr October 23-26 London Business Equipment Exhibition (01-647 1001)

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Current International Autumn Fair (01-486 1951) (until September 16) Zagreb (021-455 9600) September 13-15 Brno International (01-891 2606) September 16-9 Fashion Fair

Hong Kong Toy and Gift FAr (01-930 7955) Hong Kong October 11-21 Hong Kong Communication Trade Fair (01-466 8686) Sao Paulo October 30-November 5 International Tourism, t September 16-9 International Hardware Show— OUOJEM (01-439 3964) Paris September 25-28 Computer Graphics Exhibition October 9-13 Internetional Machine Tool Internetional Machine Tool Trade Fair — INTERTOOL (01-Materials Exhibition MAB (0727 63213) (until September 16), Trade Fair — INTERTOOL (01-Zarreh

#### INVEST IN 50,000 RETTER TOMORROWST

891 2606) October 10-12 September 12-19 October 11-21 International Engineering Fair International

Business Research International: Foreign currency options—profit-able opportunities for traders, hedgers and investors (01-637 4353) Hetei International, Zurich September 20-21 Metal Bulletin: Second Inter-national Bartor Conference (01-220, 4211) Intercontinental Hotel, Vienna

Four Seasons Hyper a September 24 Weisweiller Adfos: Inovations in foreign exchange (01-229 8244) London

September 23-26 Philadelpbla Stock Exchange: First International Foreign Cur-rency Options Symposium (01-1806 2348) IFour Seasons Hotel, Philadelphia

# **OVERSEAS TRADE FAIRS**



dropped by 58.7 per cent from 1,485 to 613 vehicles.

was 2.4 per cent up at 190,567. The importers' share in August

cent and over the eight months from 33.8 per cent to 35.8 per cent.

the eight-month total was nearly unchanged at 60,745.

proved from 61,839 to 85,502.

the January to August period.

vear earlier. cessive year reaching £15.2bn - 14 UK company securities' holdings per cent of the overall total.

Volvo, Scania'a rival, has followed into the fray. Volvo's sales rose 18.3 per cent in the eight months, from 2,569 to 3,039 while the total market

By Kenneth Gooding.

ably from the 1983 level.

Motor Industry Correspon

DEEP DISCOUNTING has re-

turned to Britain's heavy truck

market even though sales so far

According to its rivals, Scania of

this year have improved consider

Ford's sales have dropped sharp ly since that time and because it is market leader the effect on total

registrations has been highly visi-The Society of Motor Manufac-turers and Traders' statistics show

tonnes) fell by 11.6 per cent in Au-gust compared with the same month a year ago - from 5,558 to

Ford registrations for the month

Total commercial vehicles sales last month were 8.2 per cent down on August 1983 at 31,681 but over the first eight months the market

rose from 40.1 per cent to 42.3 per

The society's figures show that light van registrations in August fell from 11,581 to 10,647 but that

Medium and heavy van sales in August were 14,116, down from 15,458, but over the eight months

Light four-wheel-drive vehicle registrations were 1,805 in August (1,695 last year) and 6,266 (6,066) for

total assets, while holdings of over-

clined in relative terms for the sec-

General insurance funds rose 15 per cent in 1983 to £18.6bn, with gilts accounting for a quarter of this

total and overseas government sec urities another 5 per cent, UK equi-ties accounted for a further quarter,

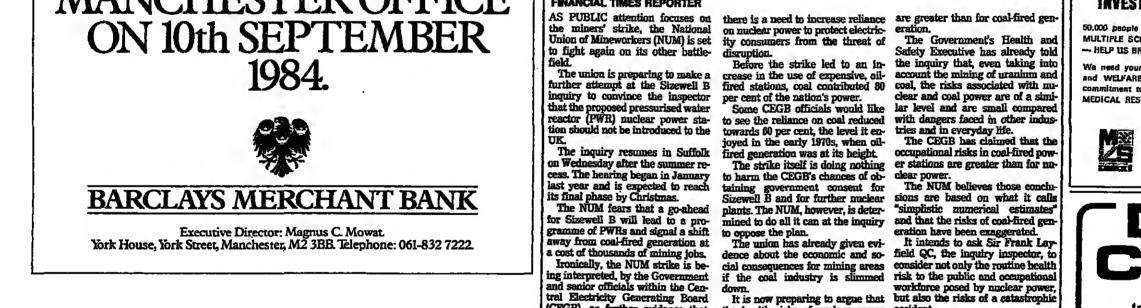
Sweden has been particularly ag-gressive - with some success. Its registrations have leaged by 61 per cent in the first eight months of this year, from 1,104 to 1,778 trucks. for vehicles over 3.5 tonnes gross weight improved by 10.48 per cent. September 18-20 Reinsurance Management Insti-tute: Fundamentals of reinsur-ance (Texas (214) 721 5360) September 18 The Wimborne Interpetional

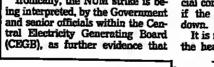
However, the figures have been distorted by a Ford incentive cam-paign which offered dealers up to an extra £1,500 a vehicle if they achieved set targets by the end of

Group: Combined heet end power/district beating — the Swedish experience (010468 7830525) Westminster September 19 Weisweiller Adfos: Innovcations in foreign exchange (01-229 8244) London

Sentember 20-21 **Business Research International:** that heavy truck sales (over 3.5

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# Paris heads guide to business living costs

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

FRANCE is the most expensive country in Europe in which to base a sales manager, according to a guide to West European living costs published today by the Confedera-tion of British Industry. The guide by the UK employers' association, the 13th to be pub-liebed shows that a British comma

lished, shows that a British compasupport could be found in Athens

West European Living Costs, CBI Publication Sales, Centrepoint, 103 New Oxford Street, London, WCL E18.

higher than in 1982 and the nights

away from home were up by 6 per

The figures reinforce the view of the travel trade that Britain's tour-

ist industry is booming. Not only are more overseas tourists coming

more Britons are staying in the UK.

# UK tourism increases

#### BY OUR CONSUMER AFFAIRS CORRESPONDENT

MORE BRITONS are travelling way from home than ever before, and an increasing number are staying in Britain rather than going abroad, according to a survey published today. The survey, by the UK tourist are more overseas tourists coming boards, found that Britons took a to Britain than ever before, but record 150m tourist trips in 1983 and spent a total of 735m nights for their holidays. away from home, the highest num-ber recorded over the past decade. The 150m trips were 7 per cent and UK Tourist Boards, £3.50.

50,000 people in the United Kingdom suffer from progressively paralysing MULTIPLE SCLEROSIS - the cause and cure of which are still unknown - HELP US BRING THEM RELIEF AND HOPE

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	1964	198	53	
	First six months	First aix months	Year	
	(unaudited)	£000'a (unaudited)	£000's (audited)	
Tumover	32,522	28,825	81,118	
Profita Before Tax	516	177	886	
Earnings per Share	2.32p	2.29p	2.6p	
Dividends (Net)	1.63p	1.63p	5.05p	

Statemant by the Chairman, Mr. D.C.H. Crouch

"I have pleasura in reporting much improved pre tax profits for the first half of 1984 compared with the same period laat year, demonstrating that the actions the Board has taken to maet the changing and more competitive business climate over the past few years are beginning to bear fruit.

In the U.S.A., Power incorporated has benefitted from a In the U.S.A. Power incorporated has benefitted from a small increase in coal prices which, together with a continued improvement in operational costs, has resulted in a marked changa in this Company's fortunes. Despite tha imminent threat of a UMW strike, tha outlook is encouraging.

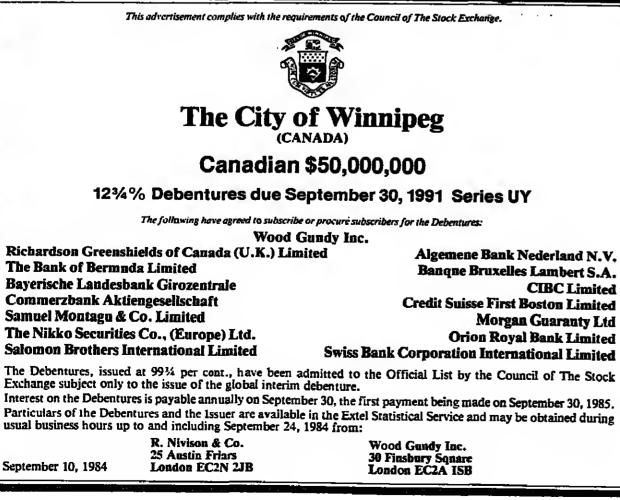
The U.K. mining company continues to achieve a satisfactory return under difficult circumstances. Wa have recantly been awarded a 10 year contract in S.W. Scotland with tha N.C.B. tor the recovery of 2.9m tonnes of coal.

Tha Construction Company continues to Improve as the planned change in the amptasia and direction of its business, as outlined in my statement in March, is progressed. However, the outcome of the hospital claim has not yet been determined.

Tha Sales Company has commenced manufacturing a new product range under the registered name of "BAKPAK", a load-carrying car trailer without road wheels. Although it is, as yet, early days in this product's life the Initial Indications of the market and profit potantial are encouraging.

The financial position of the Company is very sound, with overall borrowings well within acceptable levels and substantial additional banking facilities evaluable to the Company. A maintained Interim dividend payment will be made on 29th October, 1984."

DEREK CROUCH PLC Head Office: Petarborough PE6 7UW Telephone: Peterborough (0733) 222341. Telex 32129



ny sending a sales manager to Pa-ris would have to pay him £31,271 a These figures are based ( ris would have to pay him £31,271 a year to compete with the salaries paid in the French capital. These figures are based on the exchange rates applicable on Sep-tember 7 the CEI court Next comes Rome where a Brit-Next comes Rome where a Brit ish company would need to pay 228,397 a year for a sales manage. followed by Zurich where the em-barrow the company source is seen by tha CBI as an essential guide for companies preparing to set up operations in Europe. ployee would have to be paid

24,722. A sales manager in Britain paid on the same basis would earn only

the health risks of nuclear power accident

Getting London in Perspective is the capital's major contribution to this yeer's Festival of Architecture and as a result the Barbican Art Gallery will be staging until October 28 one of the finest displays of architectural drawings likely to be seen in the

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City, Like all the best exhibitions, this one has behind it e serious idea. It is not just a range of views of London but an investigation of how the capital bas been seen by that rare cross-breed (balf artist and half techniclan), the architectural per-spectivist. The exhibition examines in detail the idea of the perspective technique from the carliest examples to current methods using computer aided

Methods using computer aided design skills. As Sir John Summerson said at the opening of the exhibition, the perspective is a wonderful tool for flattering the vanity of the architect and at the same time for misleading the public. A skilfut perspectivist can make the most mundane edifice look dramatic and rich in shadows and romance. It is important to remember that the whole point of the medium is to sell the idea of e large and expensive new building to a client or a competition jury. It is this fact that explains the

presence of crowds of super-elegant peopla always leaning e elegant peopla always leaning e little into the wind—or are they catching their breath et the glory of the new architec-ture? While this exhibition can certainly be enjoyed as a display of virtuoso graphic skills it is just as likely to appeal to a wide audience as a series of implicat profession of a reden inspired visions of London.

It is a clearly organised ex-bibition following a simple historical route, from the artival of the perspectivists in 18th century Britain fired by the example of Italian artists like Piranesi. With Thomas Sandby and Sir Jobn Soane as Professor of Architecture at memorate victories over the the Royal Academy the large French in 1815 (a pyramid scale imaginative drawing higher than St Paul'a to stand emerged as a major artistic at the corner of Trafalgar

Visions of the capital

Architecture

**Colin Amery** 

#### Thomas Allom's vision of an improved Thames in 1846

Square) would all bave been monuments of European signi-ficance. One of the most spectacular proposala is the large watercolour by J. M. Gandy of an unbuilt town palace for the Duke of Wellingend architectural influence, These cool and classical visions of London are almost beart-rending when seen through present day eyes—how this great cty bas suffered, as much from the Victorians as from the bombs of the Second World Wor

This drawing has been lent World Wec. The unexecuted schemes of from Hollend and it is of re-markable quality. Like so many Soane foc e new opera house in Leicester Square, a new House of the other unbuilt proposals in the exhibition it appears to of Lords, and the Wyatts' pro-posal foc a monument to combe too grandiose for the English capital. Londoners

pean neo-classicism nevec flowered with great purity in neo-classicism London.

tunues. The visionary design by Thomas Allom, which was shown at the Royal Academy in 1846, replaced the warves with a series of practical classical terraces that would beve extended from Black-friars to Westminster. The

THE ARTS

# giving a visual base in scale with St Paul's Cathedral — something that Wren would have liked. It is sad indeed that Joseph Bazalgete's beroic figure of Neptune on its granite plinth never arrived to grace his Embankment. grace his Embankment. It was the Victorians who made the most of the perspec-tive as e tool foc their Imperial propaganda and architectural expansionism. Welcome in Niagara-on-ine-Lase since they burned down the Ontario town in 1813. Rebuilt in provincial wooden Vic-lorian architecture, with carved fagades and planked porches,

architectural expansionism. The Houses of Parliament, the South Kensington Museums, the Royal Exchange, the Law Courts and uncountable churches were built and all of them presented to the public in richly coloured drawings. The dreams of Imperial splendour continued into Edwardian times when one of the great masters of the perspective, William Walcot, using pencil and gouache fantasised about a London twice as splendid as ancient Rome. He looked ahead to the year 2000, and his view of the Savoy surrounded by skyscrapers and receiving visits from giant airships has a convincing magic.

In the Today and Tomorrow In the Today and Tomorrow section I felt the selection was vary limited. I am sure the organisers will say this is because the perspective bas been little used since the abstractions of the Modern Movement and because of the visual dollness of so much 20th century architecture. This is century architecture. This is partly true but the tradition of visionary schemes for London has continued — particularly by townscape artists in the Archilectural Review.

There is also a shortage of the interioc perspectives that give a particularly vivid sense of past ways of life. But there can be no doubt that this is

exhibitions about London architecture for a long time end there is an added piquancy about the exhibition seeing the visions of the past in one of the more megalomanisc architectural visions of the pre-sent. I wondec if anyone drew any perspectives to flattec the Barbican?

Americans have become more welcome in Niagara-on-the-Lake by powers without, from extinct animals to the freezing weather, ushering in a new ice age. George Antrobus is given to disquisitions on social respon-sibility, as when he lells his son: "You mix up your idea of liberty with your idea of hogging everything fur your-self." The theme is picked up the town makes an ettractive

Shaw Festival/Ontario

**Frank Lipsius** 

setting for the Shaw Festival, which has grown in stature compared to the neighbouring Stratford Festival, thanks in part to Stratford'a difficulties and in part to its own success. in the second act's Atlantic City A mandate to perform Shaw and his contemporaries was setting, where during the human setting, where during the numan cace's 600,000th reunion end beauty contest. George con-tinues his homilies as president of the convention. The fast act established with the founding of the festival by a local barrister 23 years ago. The Skin anticipates a more austere postwar drama with the inhabitants crawling up through a trap door to get their lives started over again. If a little too big for Its

time for. The Skin of Our Teeth bas maudin reflections on the war. tittle of the spirit of Shaw, with It is prescient when George self-conscious avant-garde stage warns against turning the post-business and profundities pres-war period into nothing more ented as cute comic turns. Sabina, the play's narrator, who starts out as a maid and turns into e beauty contest winner, issues and sentimentality of his earlier Pulitzer prize winner,

world, the family she works for and the play itself. Written in the midst of the Second World Wer. It Isbours desperately to catch the war-entertainment mentallty, start-ing with an announcer in front of an old free-standing micro-of an old free-standing micro-phone. The Antrobus bouse perfect American living room, including the plastic covers on including the plastic covers on

the pink and green chintz sofa, be played straight. The msjoc The cosy interior is disturbed exceptions are Jennifer Phipps exceptions are Jennifer Phipps aa the mothec and Robert Benson as Geocge. Nora McLellan as Sabina unfor-tunately takes the bit between

her teeth, and while carrying some passages to glorious inanity, often sets a shrill tone that leaves the humouc flat.

13

After an experimental five performance last season, Noel Coward's The Vortex has been brought back for a fuil run in the Court House, the second of the Shaw Festival's three theatres. The Vortex is full of the flip dialogue that, after the play's opening in 1924, made Coward famous. The son's drug addiction and the mother's heartbroken loss of a young lover are fully faced

in a third act: they try to lean on each other in their swirling fall into despair. The Vortex provides a useful corrective to Coward's carefully nurtured image of laughing it all off.

Geraint Wyn Davies stands out as son Nicky, with support frem equally suave John Gilbert as his father, Goldic Semple as Helen, and David Schurmann as hec cohort Pawnie, short for Pauncefort Quentin. David Hemblin's carcless direction allows the antique telephone to make a mess of characters' cffocts lo cross the stage.

Despite less compelling performances from the other cbaracters, including a rathec too timid and brititle Frances Hyland as Nicky's mother, the production brings out a mix of fun and sentiment.

### Fall/Hampstead Theatre

#### B. A. Young

after her mothec after ber fsthec is dead. has done nothing for her. She is the third sister to decide to ceturn to the nest. Ann, the youngest daughter, eight months pregnant by a pop-singec currently tonring Ire-land, lives for the moment. It If I say that this is all there is, it will give a false impres-sion. There is indeed no action, very little advance in the situadoesn't mattee what bappened in lbe past, you can't change it, and the future will be what it will be. She thinks of her imminent childbirth as seriously tion (the sick father dies at the end of the evening), no evolutionent. But the three excitement. But the three character-studies of the sisters are masterly; my interest in their treatment of their probas if it wece s barbecue, and in spite of bec sisters' advice she lems nevec dwindied for a moment. The play is a beautiful still-life, and the acting of the fouc players could not be more resolves to have hec baby bere at hec mother's home. Sylvestra le Touzel's cound fsce and wide, expressionless eyes change only once, in a sudden burst of tears. Kate (Ceelly Hobbs) ilves her life dominated by Freud, She has left home to live in Hamburg, where she does part-time work. The bome situation

cxact. There is in fect a fifth Playec, a man played by Roland Olivec, who is given a name (Roche) but no function except to add a touch of running commentary from time to time. I suspect that he has an importance that was not made clear to me. The directoc is Robin

The stages in the British dlscovery of Janacek's Osud (Fate)—second in the line (after Jenufa) of his mature operas, and until recently the operas, and until recently the stepchild among them—have been gradual but insistent: a BBC Radio S broadcast in 1972, followed by the 1980 issue of the Supception recording, and then by last year's electrifying Canth Pack Supcerson Music State then by last year's electrifying subject of an opera composed south Bank Summer Music con-by a jilted lovec. The subject cert performance conducted by of Osud is a composer writing Simon Rattle. Now comes, e an opera about the woman who glorious, conclusion, to, the had apparently jilted him; the campaign a new English wision was Janacek's own, and National Opera production by into it he poured powerful David Pointney. After Satur elements of his own personal day's premierse the notion that experience (which not iong

the weirdest mixture of high- tains a poetic note consistent stages of the evening the As I wrote after that 1983 concert performance, Osud (like Berg's Lulu) is e work with strange and important paralleis in its composer's antobiography. It was inspired by an incident in real life - Janacek's meet-ing, at the Lubacovice spa, and failing in love with a woman who had recently been the

### Osud/Coliseum Max Loppert

# nevec built monuments on the scale of Paris or Berlin and the true mood of later Euro-

In a fascinating section called River, road ond rail, ambitious schemes for the ordering of the banks of the Thames show more lost oppor-tunities. The visionary design

quay provided a carrisgeway above a new sewer while

of Our Teeth shows just how wide the latitude is for a repertory that, after all, covers mid-19th to mid-20th century writing and, as with Thornton Wilder, people Shaw had no time for.

spends fac too much time speaking directly to the audience sbont the state of the world, the family she works for

Offstage, Mary'a busband is future, ss she sees it, is to look delechment; hec German guru dying. We hear little about this, and indeed little about him, except once when Mary (Gwen

except once when Mary (Gwen Watford in a characteristic per-formance) breaks out of bec usual restraint to paint a picture of him as he was before their marrige. What we do bear about is the contrasted Weltamachanung of their three daughters, who sit in the garden drinking white wine oc tea and discussing their lives with one another. with one another.

These three parts are sensi-tively written by Jsmes Saunders, and sensitively played. Helen, the eldest daughter, is unkindly described by her youngest sister as a drop-out Marxist, drop-out therapist and drop-out wife, Julie Covington, making her-self as plain as she can, looks has brought hec back, not only also like a drop-out mother, her father's liness but hec She gives way just once to mother's possible association regret for the bushand she with a businessman friend. She

war period into nothing more than a search for comfort. It affectingly shows the war at home, even if America missed the hell portrayed on slage. But the playwright stretches to the breaking point the small-town

Osud is a work of beautiful before bad included the death music but unstageable drama of a beloved only daughtee), will no longer be sustained. Up to now the stumbling

Up to now the stumbling block to its dramatic communi-Even if not all the problems of e famous "problem opera" have been put to flight in the cation has always seemed to be Calion has always seemed to be that Janacck was forced by circumstances to collaborate with an entirely inexperienced librettist, whose work could be read, at least in the previously available English translation (in the Supraphon booklet), as process, this hypnotically engoss-ing achievement shows to an eudience ways of confronting them that make for an unforevening of music

# Three exhibitions at the **Barbican** Art Gallery

An nnexpected view of Lon-Andrew to illustrate the liferd don, past, present and as it 1985 wall calendar, together might be, is presented in an with a selection of 150 othec exhibition at the Barblean Art exhibition at the Barblean Art to the taking and printing of them, will form the Barbican Gallery which opened them, will form the Barbican this week. Getting London Art Gallery's first photographic in Perspective contains archi- exhibition, from September 18 tectural views of town planning to October 28.

schemes, individual buildings and raitway projects in more than 200 line drawings, water-colours, oils and computer plans. (See Colin Amery's review McAfee (publishec Hamish above.) Thirteen black and white photographs taken by Prince level 4.

The case, not woolly con-vincingly atated on paper, bas been argued and won in the best way, on the stage itself. Its first strong point is the new translation by Rodney Blumec, which even a non-Czecb speaker feels emboldened in guessing to be an overwhelminging improvement on the original — It strikes and sus-

> 'Mozart Explored' Jane Glovec, the new artistic orchestral hymn to the sunlit director of the London Mozart Players, has announced details

the weirdest mixture of high-flown symbolism and overripe imagery, oddly mixed and epparently unworkable as a piece of stagecraft — events, have a disconcerting hablt of flashing up and then out of sigbt without warning oc obvious motivation. In an essay in the ENO 84-85 Yearbook, Mir Pountaey insists modernity " of the libretto, which takes form in the way a "strangely inconsequential plot is used as a device for a rich web of hidden subject matter"; be also claims for Janacer's "elliptical" style curtains; as it spins into play, groups of human activity are disclosed and then enveloped, patterns of characters in black and white 19th century formal and sporting dress; the scenes modulate with miraculous fluidity from soft to sharp focus.

One price to be paid for all this is the intermittent buzz of the revolve itself (in the key of D, I think); in the first act, the eye searches in vain for the counterpart of visual

act, the eye sestches in vain reviving) might nave set up and for the counterpart of visual interesting counterpoint to beauty to Janacek's radiant Janacek. Becsuse of a sadly corebestral hymn to the sunlit spa scene (a wonderful fore-taste of the Vixen's wedding). of genuine dramatic conviction, Nature painting, as we know nothing comes of the contrast. from the Lazaridis-designed The sound of the band, placed Players, has announced details of the orchestra's forthcoming season of ten concerts at the South Bank. For the scason, she South Bank. For the scason, she has devised a series of ten concerts cslled Mozart Ez-plored, which concentrate entirely' on an exploration of the life and works of the com-poser. The wocks in each concert will be linked by contemporary readings including letters of the composer himself. Simon Callow, well-known for his portrayal of Mozart in the roduction wednesday, September 19. Substitution of the vixen's wedding). Substitute of the vixen's wedding). Nature painting, as we know ENO Rusalka, is not Mr Fountney's forte. Digging out tension across the three acts is relentless. As in the best work of this brilliant, madden-ing producec, one senses a brings with it a revelation. Sounded far too slow; and the brings with it a revelation. Mark Elder's conductiog may lack some of Rattle's on Wednesday, September 19.

Arts Guide

Eilene Hannan, fragrant and touching (despite moments of shriliness) as the shadowy Mila, Ludmila Andrew makes a startlingly powerful figure of her mother (and their nemesis), though words and iower phrases are not always andible; Emile Belconrt (a welcome ENO revenant), Christoher Booth-Jones and Shelesh Smirres stand out in Shelsgh Squires stand out in the large cast.

orchestra sounded a shade tentstive (not the eborus, though); but it is paced and

though); but it is paced and shaped to chime with every detail of the production, and so the success is also the con-ductor's due. The principals are those of the Rattle con-cert: Philip Langridge, giving the performance of his life as the composec Zivny, and Eilene Hannan, fragment and fouching (despite moments of

Osud, a short three-act opera. is shorter still when given with out break. As companion piece, Well's Mahagonny-Songspiel (foreruoner of the three-act opera which the ENO has been

so infuriatingly cautious about reviving) might have set up an It—and like most institutions bas done good service and is much loved. But pechaps it is now time for a change. That is not just the blase reaction to attending what seems like the 100th Borber this yesr, and with well-tried cast at that, since only the totally unmusical could fail to react with pleasure to the felicities of the score once the performance bas started. But is justice being done to Rossini any more ?

Arts appears such Friday.

Music/Mondey. Opera and Ballet/Tuesday, Thestre/Wed-neadey. Exhibitions/Thursday. A selective guide to all the

kicked out, who now bas a wife has neithec Helen's sense of the garden under a leafless tree and two children; but hec responsibility noc Ann's sense of is by Sue Plummer,

# The Barber of Seville/Coliseum

#### **Rodney Milnes**

The ENO Barber is something lstion, which fits them like a that he does not despise the of an institution—the sets, glove and bas honestly bsd its head-voice (no decapltated howevec much titivated, must dsy. A new look all cound is capon he). The difficulties of be over 30 years old, and look needed, something sbarper, the role bold few terrors for lt—and like most institutions wittier, less couthle, especially him, though there were pltcb problems early on, and his Don how the capital for its result. problems early on, and his Don Alonso is now way over the sadly lax in terms of stagecraft. top.

That said, there is still much to enjoy musically. Wyn Daviea'a conducting is pleasingly Alan Opie, in superb voice repeated his lovable Figaro, Richard Van Allan his Basilio, light and swift, lecking only the last ounce of warmth in Its as gawky es a Cruickshank Dickens engraving, and John Glbbs his well sung but strangely unfocused Bartolo, neithec traditionally comic nor pbraaing, but at least he gives Dells Jones (Rosina) plenty of room to wheedle and charm with her foriture ("Dunque io aon" went quite beautifully). Miss Jones substituted the rondo engaging enough to be taken eltogethec seriousiy.

Rossini any more ?Miss Jones substituted the rondoendogethec seriously.There is a cosiness to the pro-<br/>ceedings, rather like a Christmas<br/>party with all one's favourite<br/>uncles et which one knows<br/>which jokes are going to come,<br/>a a dazzling showpiece flung off<br/>which jokes are going to come,<br/>a fine sense of fun.The only newcomec was Jane<br/>Cootro un cor."<br/>Eaglen, who sang Berta's aria<br/>brilliantly, ber pure, strong<br/>tone under firm control. One<br/>looks forward impatiently to<br/>svelte Almaviva, is an asset to<br/>of directions this promising<br/>any Rossini performance in young artist develops.

Hamlet/RSC, Stratford

### **Michael Covenev**

Roger Rees bas a couple of first-class acts to follow this season, to wit Kenneth Bcanagh's Henry V and Antony

Sher's Richard III. And his task is mede no easler by the fact that he has been an obvious Hamlet foc several years not least because of his triumph as Nikolai Erdman's farcically suicidal ditherer Semyen in bis last major collaboration with the director Ron Daniels.

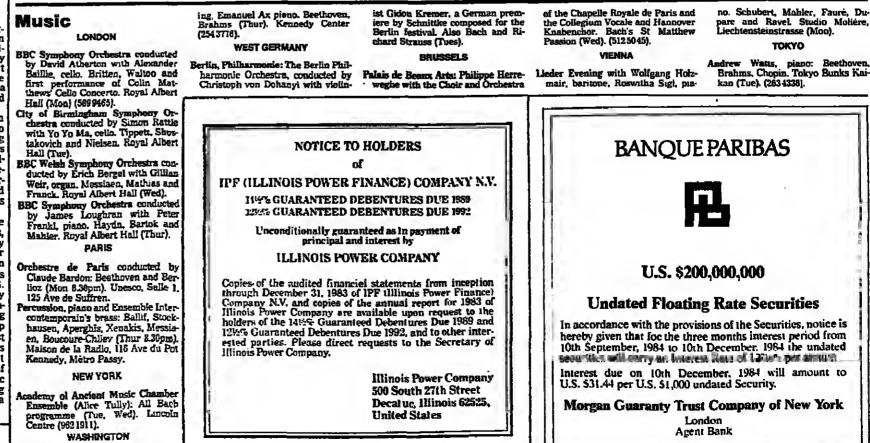
But Rees comes through the but nees comes through the ordeal with flying colours, pre-senting a genuine chameleon Prince whose besitancy and neurosis is channeled through a series of startling Bediamite phases before bardening in the phases before hardening, at the fatal duel, into a calm and acquiescent resolve. The actoc is in firm control througbout. As the court assemblea in Maria Bjornson's echoing brick court of Jecobean courtiers in grey costumes underneath black draped chandeliers which fly in with two great Perspex-ballustraded stairways set at right angles to the audience, Rees mopes in black in the middle distance. He sits weakly on the status as Claudius an-nounces his new wife. His gait is tentative, his stride that of a man worried about standing

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on files or perhaps cracks in the son. Opposite ber, is the rant-pavement. Song Claudius of Brian Once the ghost had infected his rage, he edopts e comical mad act, arms akimbo and eyes agape at the old fellow in the celiacage. The sctoc's great **Blessed** whose strained insensi tivity with the verse is partly redeemed at the one momen

where you suddenly see the marriage freeze as he declares his soul is full of discord and talent foc transmitting e quality of febrile energy gives Hamlet's indecision ail that more para-doxical an urgency. By the time Frank Middlemass's benignly dismay. Lots of ahouting, too, from Richard Easton's Ghost, who emerges from a billowing traverse which Chris Ellis's lighting decorates with scudfussing Polonius is greeted as a fishmonger, Rees bas a drooping ding coluds, lbe minute somesock, a torn shirt and a tousled bairstyle.

thing portentous or other-worldly is about to happen. And Almost unprecedentedly, the weighing in behind all that is interval is taken en roule to the closet scene, a few maternal Phoebus' Cart seems to have cries interpolated as Hamlet been unhitched by the Players, exits. The only problem is that who are admirably led by the dramalic momentum of that Bernard Hocsfali fooling me for great central sequence flowing one glorioua moment that John great central sequence flowing from the play scene through Polonius's murdec to the banisb-Barton was at last extending bis thespian fame from Channel 4. Sebastian Shaw is a touchingly ment to England is seriously disrupted. It does not make doddery Gravediggec, and Ken-neth Branagh en outstanding Laertes. His sibling celationship much sense, this interval placement. But nor is the sequence ment. But nor is the sequence helped by the serionaly under-powered Gectrude of Virginia McKenna—a nice lady from Farnham or Frinton, you feel, apparently untouched in the great armitianal condition is one of the evening's strongest elements, in fact. Foc Frances Bacbec'a Opbelia, too, is a great success-her pitiful snatches o song are drowned out in bec apparently untouched in the song are drowned out in bec great emotional conflicts own great floods of hesving Gertrude undergoes between sorrow. Nicholaa Farrell is a new husband and disaffected distinct and audible Horatio.



National Symphony (Concert Hall): Rafael Frubbeck de Burgos conduct-

Sept 10-13

WORLD VALUE OF THE POUND every Tuesday in the Financial Times

# FINANCIAL TIMES MINIA GANDHI, Whose family has minister, tha country for most of the past 37 years, is preparing the ground for the general alection she is due to hold by mid-January. And sha is becoming fearful of losing outright power.

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Monday September 10 1984

# High costs of collaboration

PROPOSED European | tion and efficient management at the project level." Fighter Aircraft which, with the accession of the Dutch last

week, involves six European governments, will be a crucial test of European collaboration. in defence procurement. In theory, if six countries agree to standardise their requirements for a new fighter and place their orders with a single multi-notional organisation, they will avoid the wasteful duplication and short production runs asso-cisted with purely national pro-

14

cisted with purely national pro-currement policies. Yet in practice these economies of scale have proved difficult to ochieve. Before the EFA is finally approved, its projected costs and henefits, compared with other ways of satisfying Europe's needs, will have to be scrutinised with very great care. The danger with scrupping

The danger with government-sponsored joint ventures in this field is that they can spown cumbersome bureaucratic superstructures and lead to long de-lays and cost overruns. Collaboration can add to research and development expenditure — all three partners in the Tornado multi-role combat aircraft, for multi-role combat aircraft, for example, insisted on building prototypes and the R and D cost premium has heen esti-mated at up to 500 per cent. Work has tended to be shared between partners irrationally, on politicel rather than economic criteria. Partners have under-estimated the extent of their requirements. The re-sult has been either the extra sult has been either the extra expense of several voriants or a compromise which meets no-body's real needs.

#### Efficient solution

in the early negotiations over the EFA there has been much haggling between the three the competitive model. senior partners — Britain, France and West Germany over specifications, the choice of engine and design leadership. This is natural enough, but as Mr Michael Heseltine, the British Defence Secretary, pointed out in a speech last week; "The crucial question is how far each of us at a national level will come to accept that efficient management of an indivdual project may require manage-ment leadership by a foreign firm and that a divergence between financial contributions and work share may well be the efficient solotion from the defence point of view." No

India's highly respected Indus-try and Commerce Minister to run the electorally significant northern state of Uttar Pradesb. In the process, people bove sometimes been hurt, demo-cratic principles have some-times been bent end the power The best projects are likely The best projects are likely to he those handled by a single company which is free to choose its suppliers and sub-contractors on s purely commercial basis. The Anglo-French helicopter co-operation succeeded in part because one of the two pertures of money and patronage some-times overshedows the hallot box. However this may be viewed inside and outside India, Mrs because one of the two partners, Aerospatiale and Westland, was named as prime contractor for each of the three aircraft; mon-Gandhi's main success has been Gandhi's main success has been that this vast and disporate nation of 700m people, over 15 major languages, and six moin religions has held together and is still showing no significant signs of breaking up. agement responsibility was not hlurred.

### **Competitive bidding**

on

working

weapons.

Every corner of the country Ideally the prime contractor should be chosen through com-petitive bidding, as is normally the case in the U.S. It is the the case in the U.S. It is the allocation of work to national companies on a non-competitive basis which accounts for the fragmentation of Europe's defence industry. As Mr Hesel-tine noted last week, within Nato there are 11 different firms

Every corner of the country has its own traditions, ombitions and tensions complicated by increesingly regional pressures like those that helped to put Rama Rao's fledgling regionol Andhra Pradesb Party Into power 21 months ago. And they are always overlaid with compli-cations of religion and caste. Even the Rama Rao has been exacerbated by Hindu-Muslim tension in Andhra's capital city of Hyderabad where 11 people died in rtots last month. More-over Rama Rao's election as chief minister marked the entry into top-leval Andhra politics of a small local profes-sional people's caste called the Kammas (who usually have Rao in their name) of the expense of the Reddies who run Coa-gress I locally and are husiness? men as well as politicians. in seven different countries working on anti-tank weapons, 18 firms in seven countries ground-to-air These numbers would be re-duced if there was o more open market in defence products. Thet would be the most effec-tive way of rationalising the European defence industry and comprise companies of scale.

This single fact lies behind virtually all the stormy, and sometimes violent, political events that hove bit the country recently. They include the dismissal of a state government lod bus former film stars N.T.

led by a former film star N. T. R. Rama Rao in Andhra Pradesh, the continuing Sikh crisis in the Punjab, the handling of the troubles in Sri Lanka and, on a different level, the transfer of Indigite highly approximate and the star

securing economies of scale, But in the present stage of European integration govern-ments are reluctant to ollow men as well as politicians, Mrs Gandhi's skill ot holding India together and keeping it un a basically democratic path can-oot be doubted. And more recently she has moved with equal skill to open up the ments are reluctant to blow their leading defence contrac-tors to go out of business or to be controlled from overseas. Government-led collaboration is very much a second best salu-tion. The challenge is to use it, not as a close for national pro-

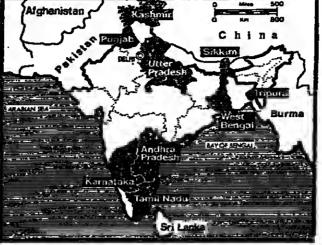
country's economy to foreign co-operation. But her style of government can put the country under extreme strain as she balances regional and other forces, and the temptation to adopt the not as a cloak for national protectionism, but in e way which matches as closely as possible the temptation to adopt the principle of divide and rule to The failing of some past col-laborative projects is that the incentives for efficiency and cost

principle of divide and rule to stay in power is never far oway. In Andhra Pradesh, where Rama Rao was toppled from his Chief Minister's post within hours of returning from open heart surgery in the U.S., Mrs Gandbi and her aides seem to have gone too far in aiding his overthrow—even though they deny involvement—and they are suffering a serious backlasb in the south. incentives for efficiency and cost reduction have been too weak. The first step is for govern-ments to set out the alterna-tives—a purely national project, or buying from tha U.S.—and to give the financial, industrial or political reasons wby Euro-pean collaboration is deemed to be preferable As Un Weich be preferable. As Dr Keith Hartley has pointed out, in conin the south. The cruellest side of Indian

In his him star cays, Kama Rao made a fortune playing Hindo gods. Now, his critics say, he seems to believe he is one himself. Becently tens of thousands of people lined rural highways and ettended impromptu village meetings and bigger city rallies as he travelled in his chaltanya sidering joint projects such as the Tornado voters and tax-payers need to he aware of the sacrifices involved. Once a colsidering joint projects such as the Tornado voters and tax payers need to be aware of the sacrifices involved. Once a col-laborative venture is launched, governments should seek every opportunity to inject competi-tion into the procurement pro-tion into the principles of two unsuccessful coups against former Charlot support ling a vote in the legislative assem-hly tomorrow. The organiser of smecialisation and coupset this point coups against the coup and must now film star hero hut they also saw a man who, despite his fail-ing bealth, is being talked about as a potentiad opposition ter the coup and star hero hut they also saw a man who, despite his fail-hly tomorrow. The organiser of about as a potentiad opposition the coups against two unsuccessful coups against former Chief Ministers, be said in his Hyderabad office: "Why sbould I bother about bis beart? More than 90 membera of the legislative assembly bad taken a decision to support me. The state's concern is import ant the his beart." In the event, Rame Rao's In the event, Rame Rao's

# **INDIAN POLITICS Mrs Gandhi brings** down a heavy hand

By John Elliott in New Delhi



# The sensitive

gronps:

central Government and Congress 1 party of Mrs Gandhi. Jammn and Kashmir and the eastern state of Sikkim were toppled earlier this year and the latest victim is Andhra Pradesh. Karnataka and pended and they are being ruled direct from New Delhi via the states' governors.

2-Other states where Mrs Gandhi argently needs better support. She is hoping to do a seat-sharing deal with a regional party called ALADMK in Tamil Nadu, She has sent two senior ministers to organise support in the key northern state of Uttar Pradesh, where she is irritated by Mrs Maneka Gandhi, ber estranged daughter-in-law, who is standing for the town of Amethi against her son and potential heir Mr Rajiw Gandhi. In West Bengal there is a strong Communist ad-ministration in conflict with New Delhi but too strong to be toppled.

heart problem has now become turn this ageing, and not the south of India in a significant factor in Indian specially oble odministrator- general election instead of p general election instead of pick-ing up extra seats to offset possible losses in the north. Despite denials from her and no strains his culte possible, who entered politics only two he strains his emotions too years ago and became a much and dies oddressing curiosity hecause of his film rallies of mora than 100,000 to star past—into a potential who entered politics only two from Congress Party leaders, it is now widely believed in India that on August 15 Con-gress I decided to try to oust both Rama Rao and the Janata Party's government in the 200,000 people who turn out to national figure. see bim almost every night, a national folk bero will certainly his attempts in the past year to rally Indio's fragmented opposition into some sort of united force and now sympathy linds crede Now.

taka. for the way he has been handled could turn him into the first major national figure to emerge from India'a grow-ing number of regional parties which generally operate only in individual states. Opposition leaders in various

parts of the country ara now talking aboot ways of linking up to fight Congress I and the

president. But 1.cm 1.gly under Mrs Gandhi the hava become her emiss ries, appointed to do her bidding and often taking a lead in toppling opposition regimes-for ex-ample the former governor of Jamma and Kashmir, Mr B. K. Nehru, a relation of Mrs Gandhi was replaced by her after he opposed plans to topple Farooq Abdullah's administration and the president. Abdullah's administration and a more pliant governor was inneighbouring state of Karna-

The Chief Minister of Karna-taka is Mr Ramakrishna Hedge, an experienced politician whose administrative and political competence contrasts sharply with the somewhat other-worldly amateurichness of stalled Where the Congress Party rules in a state, Mrs Gandhi also administrative and politician whose rules in a state, Mirs Gandhi also issue, providing the old actor's tends to appoint and dismiss issue, providing the old actor's tends to appoint and dismiss issue, providing the old actor's tends to appoint and dismiss and the somewhat other regularity. "The problem is shealth does not fail. And Mrs Gandhi has a new poole so its always other before used in an Indian electrons 21 months ago, a major blow to Mrs Gandhi's does not fail. And Mrs Gandhi has a new prover and prestige.

### Financial Times Monday September 10 1984

that no very important decision is taken without her knowledge nor very often without her approval, says Mr Hegdc, who worked with Mrs Gandhi in the old Congress Party till she split it in 1969. The current round of the

It in 1959. The current round of the "toppling game" as it is known started early last year as soon as Congress I lost power in Karnataka and Andhra Pradesh. The toppling activity deve-loped into e row late last year when tapes were published of Congress I leaders trying to buy the support of a Hedge sup-porter for more than £13,000. Congress I insists the tapes were fakes, but the dirt has atack. Mrs Gandhi's preference is

Mrs Gandhi's preference is always to replace a toppled regime with a group loyal to regime with a group loyal to her. If this proves impossible, sha imposes President's rule, which means suspending the elected assembly and ruling direct from Delhi through the state governor. This has hap-pened in Sikkim and might hap-pen in Andhra if Mr Bhaskara Rao does not prove bis majority tomorrow. (Presidential rule has also been imposed in the Punjab because of the Sikh crises.) crises.)

Mrs Gandhi does all this for two main reasons. One is to bolster her own natornal posi-tion. The other is to gain control of the states before the election so that she can use the administrative machinery and police for the benefit of Con-

Whether such moves-for which Mrs Gandhi and ber aldes deny all responsibility—are counter-productive is open to debate. The Rama Rao episode neoate. The Kama Kao episode may well, many observers think, lose Mrs Gandhi the gains in electoral popularity among the country's majority Hindu popu-lotion thot she won by dealing firmly with tha Sikhs in the Punjab Golden Temple.

Punjab Golden Temple. Some political observers suggest that she will now fear the risk of losing the election so much that she will delay the polls, change the political system so she can become a directly elected, president, or even repeat her 1975-77 stata of emergency, arguing that the country is too volatile for an elections campaign. elections campaign.

In the heat of the pre-election period many of the economic period many of the economic and social sdvances Mrs Gandhi has made since sha last becama Prime Minister in 1980 are for-gotten as public attention is concentrated on her political manouevrings. And the less democratic options in her list of cholces cannot be finally ruled out until the polls take place, however much one may place, however much one may be convinced that her basic commitment to democracy will prevail

In any case, it is quite pos-sible that the Rama Rao episode will fada from the memories of the rural mass as a major voting issue, providing the old actor's health does not fail.

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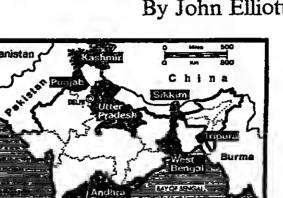
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# assemblies have been sus states OF India's 22 states, nine are especially sensitive polltically and they fall into two broad 1-States where the elected government has been toppled or is under pressure because it is not in line with the

Tripura are under pressure. Two states, Punjab and Sikkim, arc under President's rule. This means their state



country could accept 'losing out across the board," he said. "We need to seek to square the circle by 'juste retour' trade-offs by 'juste retour' trade-offs specialisation and comparative across the defence business as advantage are allowed to a whole, coupled with competi- operate.

# **Economic threat** to Israel

financial support of the Jewish

lobby ond who weighs the Western world's interests in Middle East stability above the

need to support any particular Israell Government, Indeed, at times the Reagan Administra-

tion seemed to be moving gin-gerly in this direction during

the 1982 invasion of Lebanon.

If this happens, Israel will

not be abandoned either hy the U.S. or Europe; but it will be

forced to adjust suddenly to a lonely reality in a less than sym-

pathetic world. The more Israel is encouraged to exploit

because the U.S.'s open puraa

Israel's own long-lerm interests,

If Israel cannot pay its debts,

it abould be made to or turn

vision - to the International

Monetary Fund, lika any othar

debtor nation.

Facing reality

ISRAEL takes justifiable pride be assured by the generosity of in the democratic values it bas established amidst the dictator ships and traditionalist in the U.S. Political favouritism ships and traditionalist monarchies of the Middle East. Yet the State of Israel is in danger of becoming an illusion. is a slender thread on which to hang the future of a country, no no matter how wealthy, generous and apparently con-sistent the patron. For all its military prowess and its ever-expanding borders. It is a country which caunot stand Sooner or later a U.S. president may be elected who does not depend on the votes and

on its own two feet. Economically Israel is wall on the way to the status of a U.S. client state; and even politically, its foture now depends as much on the whims of the American electorate as on the will of the

Jewish people. The economic crisis in Israel dcrives from o combination of enormous defence spending, swollen further by the invesion of Lehanon and the outgoing coverament's accelerated programme of West Bank settlements, and a series of consumpsubsidies which successive Likud governments hove deployed to maintain their popularity even at times of dissotisfaction obout the nation's foreign policy and defence,

#### Aid inadequate

its privileged access to the U.S. Treasury in the meantime, the greater will be the danger and pain when the addiction has finally to he broken. In the past, the books have been halonced by a volume of U.S. aid which has made the U.S. aid which has made the Israeli's the most heavily-sub-sidised people on earth; the grants they have received per capita are three times the total income of the average Indian, for instance. In addition, foreign borrowings have saddled lergali citizens with a debt per There will be donger, as well as pain, when Israel is finally forced to face economic reality, does more than allow Israel to live beyond its means. More importantly, it underwrites the costs of military and foreign Israeli citizens with a debt per calpta seven times the level in policies which run counter to Brazil

Now even the cunual \$2.6bn (£2.1bn) which Israel receives from the U.S. is inadequate. If Israel cannot pay its deb it ahould be made to or tu Next years Israel is likely to ask for help — and economic superfor nearly twice as much, even though this will amount to more than half of the U.S.'s total overseas ald expenditure. Israel's true friends in the

Such rigour should not he confused with insouciance about U.S. and the outside world Israel's survival — an intershould resist such appeals. Whatever coalition of laaders is pretation to which arms emfinally formed after July's indecisive elections, the people bargoes, for example, have been subject. Israel must be offered and politicions of Israel the means to defend itself under must bear the costs of creating a all circumstances. But this stable self-sufficient economy, does not imply that the Israeli capable of supporting a neople should remain insulated genuinely sovereign nation. The from the costs of whetever long-term survival of a truly defence and economic policies indepedent Jewisb state cannot ' their leaders have chosen.

leader. Away from the emotions of maybe with a common policy

Rama Rao affair has given this effort a sharper focus and greater impetus. Some agreepower and prestige. India has 22 states, each with

Cairngorm.

Stewarts

doorstep.

and Taylor."

keeping with the flambuoyant style Ler which he is famous in the clothing world it will be in dark green, navy and black

overcherked with garnet and

What the MacDonalds, Stewarts and MacDuffs will

But then Packer bas always carefully cultivated the Naka-sones and Nakijimas of the East

rather than the clans on his own

np into blazers or golfing trousers," ha says. "There is a

demand for a range of tartan

or colour-matched accessories encapsulating the world of Reid

Under-subscribed

"I see our house tartan made

of Rama Rao. This was a reference to tha ment about sharing out seats, a government beaded by a Chief way Mrs Gandhi publicly dis- television transmitter was among the 12 or so main parties. Minister elected every five claimed knowledge or respon- installed on the borders of

**Overtaking in** Disneyland

The hattle for the Walt Disney film and entertainments empire is becoming as packed with thrills and spills as any Tom and Jerry adventure. A few weeks sgo, Saul Steinberg, Wall Street's wunderkind of a decada ago, withdrew from the fray

ago, withdrew from the fray after an elegantly executed "green mail" transaction, which brought showers of shuse from sharebolders and congress alike. This left him oround \$70m wealthier after being bought out by the group, but olso focing a messy legal dispute with other shareholders.

tive, hut any decision may well have to contend with the ambi-

tions of o number of Wall Street

barons who have spotted poten-

tlal in the group's property and film making inheritance. No-one

has a controlling share in the

The man everyone is wetching

is Irwin Jocobs, the Minneapolis investor who has 6.9 per cent of

Disney, picked up when the share price plumeted in the wake of Steinberg's retreat. Jacobs, has an avid following

for his canny investment in-stincts and it is thought that

he might team up with Kirk

renowned investment clout of

\$2hn group.

company.

Now Ronald Miller, president be doing. and chief executive, and the man who pushed through the decision to purchase the Steinberg shares is departing himself after

Off the shelf o boardroom putsch. It is not easy to determine exactly who is left in command of the field. Disney says it is looking for o new chief execu-

China's Communist party, which is running a campaign to marry-off the over-30s, has told tooly bearts in Peking to ba less choosy obout prospective mates. "Almost all the men insist

that their wives have the face that their wives have the face of an actress, the figure of an athlete, the attitude of a waitress, the volce of an announcer, and the culinary skills of a cbef," the official Communist party newspaper, the Peoples' Daily, comments in o leading article.

However the faults are not wholly with the men. Women, says the paper, also set their sights too high wanting, " tall, educated, fessionals." talented, Protheir offices."

Kerkorian, a Hollywood wheelerdealer, who previously backed Steinberg's assault on the Such demands are apparently heyond even the resources of Communist China. Peoples' Highland rig Daily confesses "This can only But Jacobs will not bave it be found in some dream world." Even though he lives and works all his own way. The equally

#### the secretiva Bass family, reckoned to be one of the ricbest dynasties produced by Texas oil is also involved with Hell in Tokyo

The end of the August boliday 5.5 per cent of the action sequired some months ago. season meant a return to "tsukin-Jigoku" or "commuter And the legitimate, if feuding, family heirs to the Disney fortune cannot be ignored. hell " for thousands of Japanese " salarymen."

Miller himself, a son-in-law and protege of the late Walt Disney is not a totally spent co-ordination agency, one out of launch his own tartan and in

force. He might be able to marshall around 10 per cent of the equity through tha holdings of bis wife Dlane and her close relatives. Equally, Roy E. Disney

**Men and Matters** 

Equally, Roy E. Disney nephew of tha founder, has clearly not eaid his last word. It is Roy, 54, who is generally credited with organising the opposition to Miller. He has a 4 per cent stake and a clear nation about whet Dinnay about way commute of more than two hours. In Japan, long commutes don't notion about what Disney should

mean a chance to play chess, learn a foreign language; or brief oneself for o morning meeting. Rush hour trains ar packed typically at three to five times their comfortable capacity, and the sardined passengers gently pressure-cooked by inadequate or non-existent air conditioning.

in Langholm, in the Scottish horders country, John Packer

is not normally associated with the tartans of his adopted land.

. . . . . . . . . . . .

Meanwhite the following has been spotted in the Irish Times. A Post Office sorter came Urban roads and those of Tokyo, in particular, are so impossibly congested that it is hardly worth the while of Townse commuter to get out scross a letter addressed simply "God, Heaven." He opened it and found a letter from a 75-vear-old widow saying "Dear year-old widow saying

Japanese commuters to opt out God, you are my last hope. I bave an elertricity bill for £96 of trains and into private cars. Some take the trouble though. which I cannot pay. Can you A recent paper from the Taiyo Kohe Bank suggests that some help ? salarymen are nothing if not determined, "In order to avoid traffic congestion," says the hank, "some car using com-muters in Tokyo speed into the The sorter was touched by hte woman's letter and showed it to his colleagues. They had a wbip-round and raised £90. They

put it in an envelope and sent it off to the woman anonymously. heart of the city in the conges-tion free small bours, sleep for e while in the park in front of the Imperial Palace, and then eat a hoxed breakfast brought from home before going in to A week later another letter

arrived addressed "God, Heaven." The sorter opened it. It was a thank you nota from the widow saying that she had received £90. "As you know," the letter went on, " the hill was for £96, but I suppose those thieving so-and-sos in tha Post Office pinched £6 out of the letter.

#### Love match

His speciality ot Reld and Toylor, where he is chairman, is The personal assistant to Jill weaving some of the finest, is worsted cloth to be found any-where in the world. Suits made from his cloth will sell for over Love the advertising and administration manager for administration manager Hawker Siddeley is called Tina Venus.

**Ubserver** 

understand. The country's 116th provincial

**BASE LENDING RATES** 

A.B.N. Bank 101%	Hill Samuel
Allied Irish Bank 101%	C. Hoare & Co
Amro Bank 101%	Hongkong & Shanghai 101%
Henry Ansbacher 101%	Kingsnorth Trust Ltd. 10 %
Armco Trust Ltd 11 %	Knowsley & Co. Ltd, 11 %
Associates Cap. Corp. 101%	Lloyds Bank 101%
Banco de Bilbao 101%	Mallinhall Limited 101%
Bank Hapoalim 101%	Edward Manson & Co. 111%
BCCI 101 %	Maghrej and Sons Ltd. 101%
Bank of Ireland 101%	Midland Bank 101%
Bank of Cyprus 101%	Morgan Grenfell 101%
Bank of India 101%	Notional Bk. of Kuwait 101%
Bank of Scotland 101%	Nstional Girobank 101%
Banque Belge Ltd 101%	Notional Westminster 101%
Barclays Bank 101%	Norwich Gen. Tst 101%
Beneficial Trust Ltd 11195	People's Tst. & Sv. Ltd. 12 %
Brit. Bank of Mid. East 101%	R. Raphael & Sons 101%
Brown Shipley 101%	P. S. Refson & Co 101%
CL Bank Nederland 101%	Roxburghe Guarantee 111%
Canada Permn't Trust 101%	Royal Bk. of Scotland 101%
Cayzer Ltd 101%	Royal Trust Co. Canada 101%
	J Henry Schroder Wagg 101%
Charterbouse Japhet 105%	Standard Chartered   101%
Choulartons 111%	Trade Dev. Bank 101%
Citihank NA 10;%	TCB 101%
Citibank Savings 12 % Clydesbala Bank 105%	Trustee Savings Bank 101%
C. E. Coates & Co. Ltd. 113%	United Bank of Knwait 101% United Mizrahi Bank 101%
Comm. Bk. N. East 101%	Volkskas Limited 1015
Consolidated Credits 101%	Westpac Banking Corp. 101%
Go-operative Bank*1019	Whiteaway Laidlaw 11 %
Tha Cyprus Popular Bk 101%	Williams & Giyn's 101%
Dunbar & Co. Ltd 101%	Wintrust Sees. Ltd 101%
Duncan Lawrie	Yorkshire Bank 101%
	Members of the Accepting Houses
Exeter Trust Ltd 11 %	Committee.
First Nat. Fin. Corp 13 %	7-dey deposite 7.25%, 1-month
First Nat. Secs. Ltd 12 %	8.00%. Fixed rate 12 months £2,500
Robert Fleming & Co. 101% +	9.75% £10,000. 12 months 10.00%.
Robert Fraser	7 day deposits on sums of under £10,000 74%, £10,000 up to £50,000
Grindlays Bank	5%. 150,000 and over 81%.
Guinness Mahon 101%	Call deposite £1,000 and over 74%-
Wambros Bank 1010	21-day deposits over £1,000 82%-
The issue of the second second	Demand deposits 74%.
Hentanie & Gen. Trust 103% 1	Mortgege baae rote.

# FOREIGN AFFAIRS The demons keep coming

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VATES

Other parts of the inter-national scene may occasionally offer suspense, uncertainty, supprise; not the Common Market. It seems to be incurably predictable, and always for tha worst. Perhaps that is why most people find it, not just depress-ing, but boring.

What adds a certain night-What adds a certain night-marish quality to the general sense of predictability, is that an problem ever seems to be solved. No sconer do the member states announce, exhausted but relieved, that they have finally disposed of a particularly malevolent demon, than it reappears phantomlike, to haunt us all once more.

Just over two months ago, at Fontainebleau, tha 10 heads of government staged what was supposed to be their final struggle to put an end to the long-running misery of the Community budget and Britain's excessive contributions to it. So it turned out The Nine at last it turned out. The Nine at last agreed to a permanent solution to the British Government'a complaints, remitting 66 per cent of the UK contributions to the budget.

In return, the British Govern-ment agreed to its partners' demands that Community revenue should be increased, starting in 1986. As a counter-part, the Nine agreed to the British demand that there would be ment tighter control of Com be much tighter control of Com manity spending in future. And all this was supposed to lead to the final release of the ad hoc budgetary rebate overdue to Britain from the 1983 financial year.

financial year. What is more, this absolutely terrific package deal was decked out with all kinds of cheerful promises for tha future. The negotiations for Spanish and Portuguese membership would be rapidly wound up by the end of Septamber so that they could finally join tha club at the beginning of 1986. Two special, high-level com-mittees would be set up. one to

mittees would be set up, one to enhance the benefits of the Comthe other to work out ways of strengthening its political ernment is in a minority of one. cohesion. Europe was at last The Commission, to protect its going to have a future that flank from the newly-elected worked mnnity for its luckless citizens,

The forgotten

THERE'S ONE thing you can cycle of tha seasons worked its say for the goings on in the magic once again. For six long European Community: they weeks, the Community slumb-never fail to live down to one's ered in a life-restoring summer worst expectations. sleep. With September, it has steep. Win september, it has spring to life once more, with a flurry of ministerial meetings, and what do wa find? That nothing, or almost nothing, was finally settled st Fontainebleau

after all. To be sure, nobody has yet (so far as I know) actually threatened to welsh on the new system for reducing Britain's budget contributions. Nor has anybody threatened to overturn anybody threatened to overhim the agreement on an increase in Community revenue. But somehow, the whole packaga deal seems to bave been inverted and expanded, and could yet be in dangar of being unravelled from the other end.

The immediate casus belli is The immediate casus bear is the fact that this year's Com-munity budget has been grossly overspent, and there is no con-stitional way of filling the gan. For the British government, this is glaring proof of the Community's traditional profligacy.

The Fontainbleau undertaking to impose much greater dis-cipline on the Community budcipline on the Community bud-get has yet to be hammared ont in legally binding language. But the fact that the Community institutions have been blithely prepared to spend money they do not have and cannot legally procure, and seem to believe that they will be entitled to go on doing so next year as well, makes it triply important that the new rules for budgetary dis-cipline should be forged with hoops of steel.

For the other member states, this year's budget short-fall is merely the legacy of the past, and while the size of the deficit can be significantly re-denout by accompanies and destates: since they decided on the policies which led to the overspend, they have a legal obligation to find the financial resources to pay for these polideficit can be significantly re-duced by economies and de-ferred payments, a large part of it will just bave to be financed this year by the mem-ber states, willy nilly. Some of them, of course, also see this year's overspend as a wonder-ful challenge to the whole prin-ciple of budgetary discipline. cies, and is preparing to hale the Council of Ministers before the Court of Justice to prove the point. Not to be out-done, the Euro-Not to be out-done, the Euro-pean Parliament is now getting into the act with its own spoil-ing game. The payment of budget rebates to Britain has long been unpopular with a large majority of Strasbourg MEPS, ostensibly because these

run channenge to the whole prin-ciple of budgetary discipline, which if properly exploited could fatally undermine the British govarnment's strategy of screwing down the costs of the common agricultural policy. ad hoc deals were an affront to Community doctrine, in reality hecause they meant a reduction in the net receipts (or, in the oing to have a future that flank from the newly-elected case of Germany, an increase orked. European Parliament, is putting in the net contributions) of the Not a bit of it. The miraculous the blame for the deficit on the other member states. Accord-

By Ian Davidson



Mrs Thatcher: too easy a target

governments of tha member ingly, the Parliament has states: since they decided on wielded its power over the Community budget to block or delay the release of the money.

During the first half of this year, the Parliament blocked Britain's 1983 rebale because Britain was holding out on an increase in the Community's revenue base. When that con-dition was satisfied by the Fon-tainablean deal, the Parliament imposed a new condition: agree-ment on the financing of this ment on the infancing of this year's budget deficit. Last week, the Parliament's budgetary com-mittee voted for even more sweeping conditions: a commit-ment to finance the budget deficit this year and next, what-even the size when the MEP's we may expect more self-righteous fulminations in the same vein.

Other parts of the Euro- curbs on Community spending, battlefield are correspondingly especially on agriculture.

bleak. The resumed negotiations with Spain and Portugal, which were supposed to be completed by the end of this month, bave got off to a bed start, with a meeting at which the member states could not even sgree between themselves on the plan Europe's new, dynamic future was to have beld its first session last week; at the last

minute, the meeting was can-celled, without explanation, but amid mutterings from the Germans that the membership of the committee was not sufficiently eminent for the task.

Admittedly, the pictura is not unrelievedly grim. In the Spanish negotistions, the French government has long argued that its Mediterranean farmers must be protected against low-cost Spanisb competition by special support measures. But last week they surprised every-one (not least, no doubt, their own wine-growers), by arguing for production quotas for low-quality table wine, in sddilion to ceilings for olive oil. On both

Items, the Italians (and Greeks) are still holding out, but the shift in the French position may be a good omen. Moreover, an element of belated common sense last week started to creep into the budgetary argument, when the British Government abandoned British Government abandoned Its unrealistic thesis that the whole of this year's deficit could somehow be made to dis-appear by cuts and squeezes and postponements. It is now prepared to concede that, after all cube avracients there will

all such expedients, there will still remain an irreducible reslduum which must be financed by the member states—but only on condition that all budgetary issues are satisfactorily solved together: the release of the 1983 rebate, binding rules on budge-tary discipline in future, and a 1985 budget which can be financed either within the Com-

No dispassionate person could onarrel with the British objective. It is obviously absurd that Community policies should be managed or mismanaged in blithe disregard of the finan-cial costs. It is equally sbaurd that, come rain or shine, the terms to offer the applicants. farm policy should grab two-Meanwhile, the high-level thirds of the entire budget, at special committee which is to the expense of other more plan Europe's new, dynamic forward-looking activities. But

one can't belp wondering about the timing and the tactics, about philosophy and personalities. In theory, this year gives Mrs Thatcher ber first and her last opportunity to sort out the opportunity to sort out the budget problems, because the money is running out. The theory worked well over the British rebate, but it is unlikely to work nearly as well over budgetary discipline; other gov-eraments find it easier to re-duce Britain's contributions than to commit themselves to dealing large and unpredictable blows at their faming lobbies. blows at their faming lobbies.

The farming policy is a large and unwieldy contraption which will take a long time to turn around. Its costs can only be whitled away by reducing the legal obligations to farmers, and it is arguable that the pro-duction ceilings which have duction ceilings which have already been introduced for dairy products, sugar beet and cereals, and which are on the cards for wine and olive oil, are the crucial if still inadequate first steps in the right direction.

first steps in the right direction. Perhaps Mrs Thatcher believes that every little bit of extra pressure, each half turn of the screw, will be useful. But perhaps It would have been more productive not to strain so mightily and so long over this year's budget short-fall, which really is the legacy of the past; not to put too much faith in new procedures for disciplining the budget; and to concentrate more budget; and to concentrate more on the future.

rebate, binding rules on budge-tary discipline in future, and a 1985 budget which can be financed either within the Com-munity'a existing resources or by bringing forward the in-creased revenne to the latter part of next year. If the Fontainebleau summit was supposed to be the bar-binger of a new Community dawn, at least the British did not expect the sun to rise very rapldly, and certainly not until Mrs Thatcher got some reliable

Lombard How it really turned out

#### By Michael Prowse

London Central Zone, bandful of intelligent informa-September 10. 2024 tion processors. How unjust!

Dear Jason

the attle, covered in dust and cobwebs. It's called the 2024 *Report*, by a Norman Macrse, and was written—can you be-beve it—way back in 1984. Well, you can imagine bow eager I was to read its predictions. But a ended up in hysterics. The book is a complete riot-nothing, I repeat, nothing could bave been wider of the mark.

1 get the feeling it might be very subversive. Macrae must hsve been s "capitalist." How the book escaped the Great Configgration of 2000 I can't imagine: you know my father was as assiduous a book burner as the next man.

as the next man. When your basic training is over—only five years to go now —you really must read it. In Macrae's imaginery world people "telecommute electronic-ally," whatever that means—we don't even have a television. People do what they want, everybody seems terribly rich and there are no shortages. My father would call it a "capital-ist fantasy." He says futurolo-gists were always incorrigibly gists were always incorrigibly optimistic. As for the elec-tronics revolution, I'll bet Macrae had a better fountain pen than I do.

His error was to forget the working class. His future of individualist, information-processing entrepreneurs was only ever feasible for a few benevo-

Dear Jason Today is Scargill Day so I'm at halting the destruction of home and free to write. Thank manual and then ordinary Marx for your brainwave: train-skilled jobs: cheap and efficient manual and then ordinary skilled jobs: cheap and efficient robots increasingly took over. genius. I got your first letter yesterday — straight off Pris-this will reach you uncensored, always assuming sha bas the energy to fly back to Austria. This morning I found the most extraordinary old book in the attic covered in dust and the solution of the s ond the politicians complacent.

There was no mechanism for

15

Well, you know the rest. Un-employment rose inexorably and passed the magic 10m mark in 1992, setting off the Scarglll riots. Three years later, the Up-rising swept away the old order, ushering in our Neo-Luddite age. The backlasb against technoiogy and electronics was sudden and savage; millions of books and machines were destroyed.

The UK experience was repeated everywhere. Marx was vindicated—the vast producti-vity of the few did spell doom for capilalism and only a 100 years later than expected. The Jeans later than expected. The U.S. was the last economy to fall —in the end even President Kennedy's appeasement couldn't halt the march of history.

But you sre supposed to be the historian. Why am I tell-you this? I've gone and cx-hausted my ink quota (for a week!) because of that Macrae. And it will soon be dark: we expect another power cut tonight. Unfortunately, the demo-cratic rota threw up my father as power station colef this yesr. Can you imagine, a professor of a dead science-capitalist econo-mics-being made to run a power station!

But you'll be pleased to learn that I too will soon be working. I am to teach dialectic materialism to 10-year-olds. What a prospecti My father's notes are so dull, Never mind, perhaps I'H enliven proceedings with a few Macraeisms. How could any-



62

From the Chairman and Chief Executive, Brilannia Airways.

millions -

Sir,—A growing number of British bolidaymakers' (8m in

Sir.—A growing number of British bolidaymakers' (3m in 1984, or double that in airline passenger terms) interests are virtually being ignored in the debete over the Civil Aviation Authority report. Such is the combined impact of advertising, media coverage, frequency of use by the limited few involved in the debate on scheduled airlines and the desire to personalise tha bettle. These holiday passengers mum-ber more than twice those car-ried by British Caledonian, British Midland and other UK independent airlines on schedule. It thus seems particularly un-duled routes. Furthermore, on average, they fly four times the

duled routes. Furthermore, on average, they fly four times the distance. The 3m holiday passengers are enjoying the benefit of standards and price not nego-tlated between Governments but arrived at by intense competi-tion in a market made up of British and foreign airlines. It has taken more than two

tion in a market mane up of British and foreign airlines. It has taken more than two decades to attract the capital and develop such consumer benefits in the face of great opposition from the British Air-ways of the past. Most holiday-makers are taxpayers—all are paying from discretionary in-come. Surely their greatest interest in privatisation is not the capital raised rather they can continue to enjoy, in the medium and longer term, the benefit of a truly competitive market—not one dominated by British Airways resulting in diminished competition and in-creased prices. creased prices. D. H. Davison.

Laton Airport, Bedfordshire.

### **Promises** kept to employees

From the Company Secretary, Racal Electronics.

Sir,-Mr Coupland (Septem-ber 6) asserts that Racal failed per 6) asserts that Racal failed to keep its promises to safe-guard the rights, including pen-sion rights of Decca employees following Racai's takeover of Decca Group in March 1980. Although Mr Coupland raises a question as a shareholder no doubt it relates to his own pen-

a question as a shareholder ho doubt it relates to his own per-sonal position only. The telex to which Mr Coupland refers was one sent from the deputy was one sent from the deputy Decca chairman prior to the takeover and not one from Sir Ernest Harrison, chairman of Racal Electronics. To my knowledge all ex-Decca em-ployees received at least their contractual entitiement, were well treated and other than Mr Coupland there are no disputes with any ex-Decos employees. Mr Coupland's duties were based on the records side of the human which We Coupland which Mr Conpland admits did not form part of the takeover—but in any event Mr Coupland was offered and business

D. E. Berry. Racal, Western Road, Bracknell, Berks. Scrabbled for words tional Quarry Consultants

produce any satisfactory evidence that the previous settlement, which we believed was final, was not fair and reasonable. It thus satisfactory

charitable of him to promote his entirely unjustified personal grievance as if it was a view held by all ex-Decca employees.

From the Managing Director,

Sir,—Becoming increasingly incredulous at Messrs Mac-Gregor's and Scargill's Gregor's and Scargill's scrabbling for words, may 1 suggest that the ingredient actually missing in their separate deliberations is simply

work. Both the board and the union employ their own geologists and mining engineers. It is per-fectly possible for their special-ists to actually both detarmine their precise definitions for what constitutes an exhausted pit in practical terms. Each set of detailed parameters could then be properly considered and reconciled—with reference to a panel of independent geo-Both the board and the union

and reconciled—with reference to a panel of independent geo-logists and mining engineers for binding arbitration if necessary. Six months have passed and I regret that I see no evidence that this work has as use a way been started. no evidence that this work has as yet even been started. Without this work both parties will never find a word which can describe what can which be a start and a start and

only be broad generalisations based on insufficiently informed opinions. R. Davidson Binns.

# 3, The Gables, Vale of Health, Hampstead NW3.

We have ways of making you drive

Letters to the Editor

world.

R. Rockingham Gill.

The Royal

Dockyards

Daphnestr. 21, D-8000 Munich 81, Germany.

From Sir John Mallabar

tion of the minefields along the edges and the occasional wires strung across the roads at neck height.

Of course the autobahn traffic is well disciplined, but so is the is well disciplined, but so is the entire country. It was Lenin who noted that if Germans wanted to organise a revolution, they would first queue at the rail station to huy a ticket. But is Mr Wolfenden really competence. No other explana-tion can account for failure over 14 years to resolve a prob-lem of real importance to the

But is Mr Wolfenden really ignorant of the fact that there is a "guideline" maximum speed in Germany of 130 km/ hr? May we ask what is the point of a guideline if most of the Porsches, most of tha BMW 500/700 series drivers and most 39, Arlington House, St James's, SW1.

and nepotism

500/700 series drivers and most of the Audi 100 drivers ignore it totally and rush down on us at 180 km/hr flashing their lights and hooting? Presumably Mr W. drives in this way, but there are thousands of us who think that the guideline is sensible and enough. We are still forced to overtake the very slow traffic, which at once exposes us to some extremely impertinent behaviour from the German would-be Laudas of this world. From Mr R. Crum Sir.-If industry's recruitmen of university graduates is based on "snobbery, cowardice and a kind of nepotism," as Michael Dixon's article (September 6) claims, then of what value is his annual league table of the employment of university graduates? It merely reflects

Does Mr Wolfenden really not ally have a low opinion of university degrees should not the shareholders of 1CI and know that every year more than 12,000 people are killed on the roads of Germany (about twice as many as in the UK)? When these are the results of "well the shareholders of it. And other companies have some sharp words to say about the use of their funds to subsidise the further education of emdisciplined " driving, 1 admit to occasional bonts of nostalgia for the "quaint and frustrating" road system of GB. ployees' children?

ployees' children? Again, are not the managers of UK industry totally culpable in that they spend far less on advanced training than do their major competitors, even though they apparently have so little respect for the products of the further and higher education sectors?

I would guess that either Sir,—Mr Brazier (September S) and I agree that change in the Royal Dockyards is neces-sary, hut do not agree on the form change should take. I would not argue that a trading fund is the only course avail-able, or that in itself it will be affacting without supporting degrees et al are by no means as bad as is being made out by some people, or the Govern-ment needs to institute a rapid and forceful purge of UK industrial management as the only way of enforcing changes in their weefully outmoded and

biased views. And if industrialists first then effective without supporting changes. But I do argue that it changes. But I do argue that it is probably the best way in which the money available can be utilised to secure for the Navy the maximum support why not politicians second? R. E. Crum. 89 Hall Road, Norwich. obtainable for its operational And creamed swedes

efficiency. When working on a vote system there is always the fear that if money remains unspent at the end of a financial year the amount of the vote for the following year will be reduced From Mr A. Scott Sir,-I note the dismay of those in Shetland who are un-able to ship their lamb to the mainland. Perhaps if they wait awhile for the dockers to the From Mr R. Gill Sir,--The letter from Mr Wolfenden (August 31) cannot be allowed to go without reply. I have lived and driven in Germany for 30 years, starting in 1945, when the roads were relatively safe, with the excep-

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14 years. In addition the matter has been considered by committees for defence, for expenditure and for public accounts. No better solution than a trading fund has yet been suggested seriously. Yet the evidence recently given to the PAC indicates that MoD is yet again embarking on further yet again embarking on further studies. I suggest that the evidence given to the PAC indicates deliberate and purposeful obstruction or else sheer in-

Four committees directed

specifically to the Dockyards

(and countless internal studies)

have taken place over the last 14 years. In addition the

defence of the country, and to which a practicable solution was offered so long ago. (Sir) John Mallabar,

Snobbery, cowardice

that snobbery. Moreover, if employers gener

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months to 30 June are up 24% over

Consolidated Income SEK(m)	Jan-	Jan-	Full
	June	June	Year
	1984	1983	1983
Sales	2,717	2,554	5,323
Operating expenses etc.	-2,159	-2,088	4,361
Normal depreciation	- 168	-141	-278
Operating Income	390	325	684
Dividends	18	14	19
Net interest items	-64	-61	-118
Income after interest items	344	278	585
Rate of exchange adjustments	-25	-53	-98
Capital gains	42.	-2	-3
Other non-recurring items	_	-	-16
Income before year-end			
provisions and taxes	361	223	468

Dividends have increased from SEK 5.91 per ordinary share to SEK 10.00 in just five years.

ngo

And we've grown by an average of more than 15% p.a. over the last five years. Something we plan to keep up to make our investors happy. And our

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the same period last year.

New uses for gas in medicine



**FINANCIAL TIMES** 

Monday September 10 1984

# Michael Morgan on Wall Street

# A healthy appetite for foods

THE ACQUISITION by Ralston Pu-rina of ITT's Continental Baking, together with Nestle's proposed purchase of Carnation, bave underlined the healthy appetite that some investors are displaying to the U.S. food processing industry.

Stock prices of many of the leading companies are running near their highs for the year amid expectations of increased earnings. A number have also been able to build substantial cash reserves and set about buying back their own shares. Carnation was one, ahead of its absorption by Nestle.

Repurchases also enabled the diversified Consolidated Foods to reduce the average number of common shares outstanding by around S per cent in the year to June 30.

their height.

General Foods, a leader in packaged products, put the proceeds of its divestiture of the Gaines pet foods business towards a \$256m buyback while Nabisco Brands, the hiscuit manufacturer, is proceeding with a programme to reduce the number of its shares outstanding by about 10 per cent be December.

Ralston Purina, the world's largest manufacturer of dry dog and cat foods, which paid \$475m for FIT's bakery unit, continues to buy back shares, having retired about 25m in the past 2% years.

Company	Price \$	P/
Consolidated	30%	1
General Foods	58%	
Gerber	24%	1.1
Kellogg	33%	1
Nabisco	48%	1
Queker	66%	1
Relaton	30%	1

Such operations bave helped to buoy the share prices. As measured by the Standard and Poor's food industry index, they have risen 8.99 points to 143.07 since January, com-pared with a 1.24 dip to 186.81 in the S&P 400 industrial index, measuring the broader market.

None the less, with some esti-mates of earnings this year for the industry as e whole rising \$400m to \$4.8bn on sales up \$10bn to \$125bn, analysts see attractions in the sector for investors looking for defensive stocks.

Among companies reporting fig-

BY ANTHONY ROBINSON IN JOHANNESBURG THE BLACK townships around Jo-hannessurg huried their dead at clining gold price – appear to be a the weekend after a week of rioting prime underlying influence. Ford over proposed rent increases and and General Motors have just an-compounds along the Reef and in grievances, which left 32 nounced a further S54 redundancies killer and more than 100 injured. in the Eastern Cape, but it is in the The main targets of the rioting Jobannesburg area, where the bulk were local black councillors, made of industry is concentrated, that the esponsible by South Africa's outgorecession is hitting bardest. ing all-white parliament for raising the money to fund township ex-

The all-important gold mining in-dustry, which provides nearly balf penses, as well as black and Asian South Africa's export earnings, bas been insulated against the decline of the dollar gold price by the fall-ing rand. Management determina-Widespread resentment at low educational standards in black schools, and demands for parent tion to contain escalating costs, however, has led to a deadlock in and student representation on school boards, have also raised tennegotiations with the recently sions, as has anger at the exclusion

Gold mines strike may

widen S. Africa tension

of blacks from the constitutional Mineworkers, which last week called the first legal strike by black changes that came into operation last week when the riots were at miners for next weekend. However, the rapidly deteriorat-The strike will be an important ing living standards of black worktest of the new union, which claims ers and rising unemployment in the the allegiance of 70,000 of the wilts under the effect of high inter-wilts under the effect of high inter-

compounds along the Reef and in the Orange Free State in addition to the simmering resentment of the black townships.

The Government is believed to be unhappy at the way in which the vi-olence in townships like Sharpe-ville, Lekoa and Daveytown has BOWING to pressure from Congress, Mr Donald Regan, the U.S. Treasury Secretary, has decided to ban the issue of Governmentdrawn world attention away from backed securities in bearer form, the inauguration of the new tricamwhich can facilitate tax evasion by eral parliament last week. The new U.S. citizens.

Mr Regan's decision clears up the main remaining uncertainty about bow the U.S. Government intends to exploit the decision to eliminate the 30 per cent withholding tax foreigners bad to pay when they in-vested in U.S. securities.

U.S. bans

bearer

state

form for

securities

By Stewart Fleming in Washington

One aim of the decision to lift the withholding tax was to make it eas-ier for the U.S. Treasury to float its own paper on international financial markets and facilitate the fi-

nancing of the federal budget defi-Last month the Treasury made clear that although U.S. corporations would be permitted to issue unregistered bearer securities to foreign investors, the U.S. Government itself would not. Instead, the U.S. is to issue specially registered securities requir-ing that the financial institution

bandling the interest payments cer tify that they are not being received by anybody liable to U.S. tax. However, several Wall Street bankers, led by Salomon Brothers, moved to re-package U.S. govern-ment securities, after "stripping" them of the interest, to sell them in

unregistered "bearer" form. The move ran into sharp crib cism in Congress on the ground that it would facilitate tax evasion by U.S. citizens.

In announcing the decision, the Treasury said it was 'basic to our tax law that a transaction be treated according to its. substance and not its form.

Therefore a government security and a re-packaged government se-curity should be subject to the same registration requirements. It pointed out to that a re-pack-

aged security issued in bearer form would compete in the marketplace gainst U.S. government securibes.



OVERSEAS MOVING BY MECHAEL GERSON

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duction and capacity utilisation fig-ures for August. A lot hinges, as well, on the flash estimate of GNP corporate earnings growth. for the third quarter, which is not due until September 20. Last Fri-Laird Group day's news of a static unemployment rate is not going to convince Little has happened since the loss anybody which way the wind is of the Singapore metro contract to ease Laird's task of repositioning it-

Not so long ago, the most fashion-able outlook for the U.S. economy

was a forecast of apocalyptic defla-

tion: the financial system was about

to collapse along with the dollar price of coffee, when commodity producers would default and impru-

tent U.S. banks crumble. Without

buying this vision, moreover, per-fectly sober historians of the U.S.

business cycle could see output

grinding to a balt some time next year, amidst the smoking wreckage of an inflationary boom. In either

case, rising interest rates seemed

nescapable, whether through over-

beating in the real economy or through the purely monetary me-chanism of a liquidity shortage.

However, economic fashions

wither rapidly in the American marketplace. For a start, the gloom

over interest rates is currently look-ing slightly faded. On bond market trading desks, there are few who

doubt that during the last weeks of

a presidential election the Federal

Reserve will err on the side of eas-

ier rates, given a choice. Extreme

cynics even accuse the Fed of driv-

ing its funds rate higher recently

just in order to permit a popular slide before election day.

It is no surprise, therefore, to see

the deflationists in retreat, pending

the next really onisy report from Latin America or another domestic

crisis on the scale of Continental Il-

linois. What might be much more

peculation that the economy may

interesting, however, is renewed

at last be starting to slow down -

despite the normal autumn bounce

in activity, and before the electoral

The evidence behind this suspi-

cion is not yet anything to put your shirt on, even with Mr Sprinkel's weekend talk of growth at less than

i per cent. The economic data will

not really begin to pile up until the end of next week, which brings pro-

cycle has run its full course.

blowing. self predominantly as a specialis However, a few straws can be engineer. The rundown of the plucked out of last week's survey Transportation Systems division

from the National Association of may now expect no respite from new British Rail diesel orders; the Purchasing Managers, a trend-spot-ting exercise akin to the CBI sur-German metalworkers' strike has veys in Britain. Even on a 12-month at the same time impeded the othed basis, the NAPM survey growth of the European motor components' business. Interim pre-tax profits up from £9.5m to £10.9m contains clear indications that some conomic momentum may have confirm, though, that a real start has already been made with the transformation of the group. been lost. Most suggestive of all, according to de Zoete & Bevan, is the rising index of vendor deliveries - a signal that hints that the pressure of final demand may already be starting to ebb. The big improvement in the U.S. has been spearheaded by a break-even half-year for New York Twist Drill, which lost about Clm in the

If this turns out to be right, pros-pects for the bond market, at least, should be brighter than on either a deflation or a boom-and-bust hypo-the same size. The specialist engithesis. Although the capacity utili-neering division, in fact, should be sation index has already rung a few capable of more than trebling prof-warning bells, there is still a possi-its this year to £7m or so; given bility - thanks to the strong dollar some modest gain in motor compoand heavy imports - that the econo-my will move into 1985 without the Almac Plastics in the U.S., Laird worst symptoms of overheating de- should be able to absorb a 35 per fensive price increases from manucent or so shortfall in the transport division's pre-tax profits and still facturers who cannot deliver, and really messy labour deals in Demanage £24m or more for the current year.

This sets the shares, up 2p on Fri-And if investors come to believe day night at 120p, on a prospective that the product and lebour mar- p/c multiple of just over 5% times, kets are spontaneously topping out, which looks more appropriate to they may start to demand a smaller inflation premium on bond yields. the former project engineering profile. Perhaps it will take e success But the bond market has its special ful acquisition or two by Laird to reasons for distrusting good times change that the group has just apin the real economy, what is good pointed an acquisitions manager for bonds may not be nearly so en- no less. Meanwhile, the cash sur couraging for equities. At e time plus in the first half has been used when fund managers are buying to leave the balance sheet virtually bonds on the expectation of a slow-\_\_\_debt-free with about £14m in the down, only an exceptionally crea- till.

# NatWest subsidiary in talks to buy Hong Kong stockbroker

Paris squeezes public spending

#### BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

COUNTY BANK, the merchant bolding talks with John Watson and Co, a Hong Kong stockbroker, in an effort to acquire the business. The move marks another effort by the National Westminster group to expand into international securities. Mr Charles Villiers, chief executive of County Bank, said yesterday; "We are talking to them. We hope to do a deal by the end of the month." In February this year, National Westminster took a 29.9 per cent stake in Bisgood, Bishop, one of the top five stockjobbers or market makers on the London Stock Ex-

change. National Westminster and Coun-In July, National Westminster, ty join the growing list of banks and Mr Villiers said John Watson the UK's second largest bank, financial groups which are anxious Co employed about 30 people.

abons as the financial services revolution gains momentum. In May this year, Baring Brothers, the merchant bank, acquired the Far Eastern operations of stock-brokers Henderson Crosthwaite. Exco, the money broker with financial service interests, has a Far Eastern stockbroking arm through W. L Carr (Overseas). Citicorp, the largest bank in the U.S., acquired

control of the Far Eastern operations of Vickers da Costa, the London stockbroker, which is estimated to generate a quarter of all foreign equity commissions on the overseas portfolios handled by all

brokers. Mr Villiers said John Watson and

system provides separate chambers for whites and the minority co-loured (mixed-race) and Asian pop-ulations but excludes blacks, enformed Black National Union of sures a built-in majority for whites and concentrates power in the hand of the new President, Mr P. W. Bot ha, the former Prime Minister. At the weekend the authorities banned

all meetings called to commemorate the death of black consciousness leader Steve Biko in police custody seven years ago.

agreed to buy a 5 per cent stake in to develop Far East securities oper Fielding, Newson-Smith, the Lon- abons as the financial services revbanking subsidiary of National Fielding, Newson-Smith, the Lon-Westminster Bank of the UK, is don stockbroking business. The bank said it intended to raise its stake to 100 per cent once Stock Exchange rules on outside ownership were relaxed. Mr Villiers said yesterday: We are using the building block princi-ple - using constituent parts of the business and building them np. Although Bisgood Bishop has an important U.S. operation and Fieldling Newson-Smith has a strong UK base, we need to have a base in various parts of the world. We need a base for dealing in securities in the Far East"

ures for the 12 months to June 30. Quaker Oats - which also has interests in toy manufacture and retailing - lifted earnings per share to \$6.52 from the previous year's \$5.83, and Consolidated Foods boosted earnings to \$3.25 from \$2.88.

Gerber Products, which accounts for about 70 per cent of the U.S. baby food market, saw its earnings per share rise to \$2.48 in the year to March from the previous \$1.95, and analysts see a further improvement this year, Ralston Purina raised earnings to \$2.23 n share in the first three quarters to June 30 from the previous year's \$1.98.

General Foods, a leader in packaged products, lifted earnings to \$6.10 in the year to March 31 from \$5.73, and its first-quarter figures for the current year were up to S1.41 from \$1.15.

Kellogg earnings rose just 4 cents in the first half to \$1.65, but improved sales are expected to give impetus to the full-year figures.

Nabisco earnings dipped to \$1.79 a share in the first half from \$2.09, and full-year results are expected to be little different from 1983. However, new product development and marketing are expected to pay off in 1985.

CPC International, one of the largest corn refiners, saw earnings down in the 1983 year. A marginal improvement to \$1.75 a share for the first half of this year is expected to gather momentum through to next year. Carnation's first-half earnings rose to \$3.22 a sbare from 52.91.

The strength of the dollar has proved an impediment to compa-nies such as CPC, which looks abroad for around 60 per cent of sales. Nabisco and Kellogg, both with substantial foreign sales, have also felt the effects. In other respects, the year bas

proved a good one. Mr George Novello, analyst at E.F. Hutton, says the strength of the economy and relatively low inflation have en sured that prices of foodstuffs bave risen only modestly, and that has belped the sector to build sales.

Prospects for a much improved U.S. harvest have also restrained

U.S. harvest have also restrained the cost of raw materials for compa-nies such as General Foods, Gen-eral Mills, which processes and markets foods, and Quaker. Mr Novello notes that stable raw material costs usually help to im-prove investors' perception of the industry. But be cantions: "Probably no more than 8 to 10 per cent of the to-tal cost structure is geared towards the raw materials, so that even if corn or wheat were to go up or the raw materials, so that even if corn or wheat were to go up or down in price, the impact would be minimal. The perception is signifi-cantly greater than the reality."

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**Continued from Page 1** the legislative elections in early 1986.

**Continued from Page 1** 

est rates

litical climate.

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Mr Pierre Beregovoy, the Fi-nance Minister, had initially hoped it might be possible to revive growth and bence reduce the num-ber of jobless - somewhat earlier. Of the FFr 45bn to be given away in tax deductions, FFr 10bn will ly 5.5 per cent next year. come from a 5 per cent cut in in-come tax, FFr 19bn from a reduc-

The budget is based on a 2 per come tax, FFr 10bn from a reduc-bon in corporate taxation and FFr after a 12 per cent increase this 13bn from the removal of a special year. In part, the boost will come levy to help to finance social securfrom a significant increase in

Although the budget will be pre-sented as boosting investment in gative for the last two years, is to the modernisation of the French rise by 1.6 per cent in 1985.

U.S. economy 'will

continue growing'

economy, confidential Finance Min-Although wage levels in real istry figures show that the share of terms will not rise next year, as the fixed capital investment in the state Government is to try and impose a budget bas fallen over the last dec- norm of about 4.5 per cent in the ade. Whereas fixed investment ab-sorbed 7.7 per cent of budget ex- come from the fall in taxation and penditure in 1976, it will absorb on- an increase in social security pay-

ments.

The risk in the budget strategy is that the combination of rising consumer demand and higher levels of private and public-sector invest-ment will lead to a further worsening in the trade deficit by sucking in more imports. The recovery in France's external payments position is still fragile.

If the re-packaged security were to secure a better yield, however, that would "not accrue to the benefit of the U.S. Government or our taxpayers but will go instead to the private intermediary.

The Treasury said the Internal Revenue Service would make regulations to require that securities backed by a U.S. Government se-

curity be issued only in registered form Officials made clear that they were not trying to block the strip-ping and re-package of government securities itself, only the issue of such securities in unregistered

# **Bid to resolve UK** coal dispute fails

#### **Continued** from Page I

Mr Anthony Boeckh, editor of the ed that the authorities "do not want Bank Credit Analyst, says there is the fed funds rate (the rate of interest on day-to-day bank reserves) to not enough slowing in the economy esi to give much confidence that it will approach 12 per cent." Looking further ahead into 1985.

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take the upward pressure off intermost economists expect the gradual slowdown, from real growth in the In the face of those expectations of reduced, but still moderately first half of 1984 of close to 9 per strong, economic growth in the sec-ond balf of 1984, investors bave becent to growth in the second half of around S per cent, to persist into next year. Widespread disagreegun to discount the possibility that the Fed will ease its monetary poliment exists, though, as to how cy. Nevertheless, with the presismoothly the slowdown will occur. dential election approaching, it is thought that the Fed will try to In its latest assessment, the International Monetary Fund sugkeep interest rates stable to avoid gested that real growth in 1985 for the U.S. economy might be down to charges that it is influencing the po-4 per cent compared with an expect-Dr Henry Kaufman, the Salomon ed 7.3 per cent for 1984. The IMF

Brothers economist, commented on pointed out, however: "It could be argued that present risks and un-Friday that the alacrity with which the Fed injected funds into the ficertainties are greater than usual nancial markets last week suggestfor this phase of the expansion."

World Weather

orkers. The transport unions, hich have been the NUM's strong- t supporters, will meet miners' aders tomorrow. They will ex- ore ways in which a blockade of el to power stations - taking in nker drivers as well as coal trucks	Brighton bers wou serve pic however, fusing to they tool Mr Da
can be made effective.	tary of ti

So far, the transport unions have been able to mount only patchy sup-portive action. Some coal trains have been stopped, seamen have refused to carry coal, and some drivers have not crossed picket lines. Now, the transport union leaders believe that the Trades Union Congress pledge of support agreed a week ago will encourage more of

The execubive of the pit deputies' union, Nacods, also meets tomor-row before a special delegate conference of the union in Doncaster on Wednesday - called to discuss possible action in protest against a retary, yesterday defended tactics directive from the board that the used by the police during the coal deputies cross picket lines and dispute. When hundreds of pickets brave intimidation or lose pay.

The conference will discuss a possibility of withdrawing safety cover in those areas where working miners are "trickling back" but where the NUM area executive has de-clared the strike official.

25 71 88 15 59 14 57 18 51 13 81 in North Derbyshire, Scotland, suited their purposes, . North-East England, Kent and S 28 84 S 25 77 F 18 64 5 28 84 coal is being produced. The Engineers and Managers' As-

The Engineers and Managers' As-sociation executive meets on Wed-nesday to discuss its positioo in working in London. advance of a meeting of all the pow-

B-Brizzle F-Fair Fg-Fog H-Hall B-Rais tary, told the TUC Congress in ported for duty on Saturday night

last week that his memuld not be called on to ob-icket lines. He bas noted, , the possibility of their reo do other unions' work it is some form of action. avid Basnett, general secre-the General, Municipal and

Boilermakers' Union, is looking to the power unions' meeting next Mooday for agreement to meet the mine workers' leadership to agree guidelines with them for some form of support. Mr Neil Kinnock, the British La

bour Party leader, said last night that a resolution of the mining dispute should now be possible. Interviewed on television, he said

that the desire for talks was "strong on the miners' side and is at last be ing responded to on the coal board's Mr Leon Brittan, the Home Sec-

were preventing individuals from going to work, he said, "you have to use pretty direct means

Speaking on BBC Radio, Mr Brittan said there was "a heavy duty on those who organise the strike to call off the mob." The leaders of the That tactic might close those pits miners' union could do so when it In the docks dispute, the com-

Yorkshire where miners have re- ment by Mr Ritchie Pearce, chairturned to work, and where in some man of the Southampton dockers' cases - notably North Derbyshire - union branch, demonstrated the importance to both sides in the dis-

Port officials in London said er unions a week today. Mr Tom there were already signs of a drift Lyons, the EMA's general secre- back. About 100 workers had reBritain's No. manufacturing exporter Hawk 200 single-seat fighter answers worldwide needs nawk zuu – ula single-seet ngnter oavelopad from the succassful 2-seat Hawk trainer–offers e cost-effactive

ccassiui 2-seat nawk trainer-offers e cost-effactive answer to worldwide needs in a variety of relas, answer to worldwide needs in a variety of relas, including mentime strike, reconnaissance, close air including menume strike, reconnaissance, close air support (by day or night) and air defance. Hawk 200 retains the 2-seater's proven airframelengina retains the 2-seater's proven airframelengina retains the 2-seater's proven airframelengina equipment. Waight and pace saved by the single-seat layout enables it to carry more equipment and warhard combination but has a new nose housing advanced sansing equipment. Waight and, space saved by the single-seat layout enables it to carry more equipmant and warloads exceeding 6 ANNIA. Canable of 4-hour Combat Air Patrols some 100 neutricel miles

ace saved by the single-seat layout enables it to carry more equipmant and warloads exceading 6,800lb, Capable of 4-hour Combat Air Patrols some 100 neuticel miles from base. Hawk 200 will out-perform other aircraft in the class

BAe introduce new options to 146 jetliner range British Aerospace is adding a "stretched" 120-saat Series 300 and freightar versions of the existing Series 100 and 200 to its successful 146 jetliner family. The 146 now offers a progression from 80 seats (Series 100) through 100 seats (Series 200) to 120 seats on the Serias 300, planned to fly in 1987. The freighter verients - introduced in response to to fly in 1987. The freighter verients—introduced in response to merket demands—will initially heve a peyload of 10 tonnes (22,000k).

Major new space vehicle projects for British Aerospace Under contrect to Scott Scienca and Technology Inc of the USA, British AeroSpace is designing a Satellite Transfer Vehicle (STV) to transfer satellites from the Under contrect to Scott Science and Technology Inc of the USA, British Aeri is designing a Setellite Transfer Vehicle (STV) to transfer satellites from the Science Shuttle to recommendation with The STV will accommendate an office is designing e Setellite Transfer Vehicle (STV) to transfer satellites from the Space Shuttle to geosynchronous orbit. Tha STV will a ccommodate an Olympus satellite or two satellites of Euroster class for dual launching Dynamice Group is all Space Shuttle to geosynchronous orbit. Tha STV will accommodate an Olympus satellite or two satellites of Euroster cless for dual leunching. Dynamics Group is also etudving a concent for a re-usable aircraft-type space vahicle designated worm

satellite or two satellites of Euroster cless for dual leunching. Dynamics Group is als studying e concept for a re-usable aircraft-type space vehicla, designated HOTOL, which could take off and lend horizontally and studying e concept for a re-usable aircrart-type which could take off and lend horizontally and which could take on and lend nonzontally and launch peyloads up to 7 tonnes into Low Earth Orbit.

More examples of how British Aerospace's unequalled experience in hypertechnology, is helping Britain to maintain world leadarship.

CHILLS IS LOL ...

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their members to show solidarity.

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# **SECTION III**

# **FINANCIAL TIMES SURVEY**

# **Vehicle finance** and leasing

The sector has been little affected by the Budget tax changes but tighter accounting rules may provide a future challenge. Users are benefiting from more sophisticated packages

# **Innovation** brings new opportunities

"THE UK leasing industry has been shaken to its core by fun-damental changes in Britain's tax structure" was how the trade journal Leasing Digest summed up the impact of Chan-cellor Lawson's Budget last March.

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However, vehicle leasing

has been largely unaffected by the changes and leading companies in the market say their business is "reasonably buoyant"—in spite of the sluggish sales of new cars in August. This is no contradic-tion: the vehicle leasing industry experienced its tax Water-

ioo five years ago-and SSAP 21. This could have pro-emerged with flying colours, found consequences for the It was in 1979 that the in-ment decided to clamp down on tax benefits for cars; 100 per the Equipment Leasing Associa-count of the sector.

should mean that leasing con-tracts signed before the Budget are more lucrative than exmanner, pected.

The Budget has not been the only shock for the leasing industry in 1984. Last month, the Accounting Standards Com-mittee (ASC) finally issued its long-awaited leasing standard, STATE and the same standard, SSAP 21. This could have pro-

ment decided to clamp down or tx benefits for cars: 100 per cent first year allowances were scrapped and 25 per cent writ-ing down allowances substituted in their place-the regime to which the rest of the leasing industry must adapt by 1886. Only the comparatively small only the comparatively small the loss of 100 per cent allow-ances: 35 per cent of vihicle leasing stands to gain from the cation from the face of it, is a curious argument. SSAP 21 is not much liked by the ELA, and the face of it, is a curious argument. SSAP 21 is not much liked by the Equipment Leasing Associa-tion (ELA). Shortly before the standard was amounced, Mr to ELA, argued in vain that it ought to be reconsidered, partly because the thinking behind it was based on the era of 100 per curious argument. SSAP 21 is a main requirement-and surely a desirable one-is that lessees



### Fleet analysis: 1981-83

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Chauff./ Private

hire Units

556

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556

(the companies that lease equip-ment from lessors) should capitalise finance leases in their accounts. The argument for this has nothing to do with capital

The rationale for capitalisation, which is required in the U.S., was outlined by Mr Ian Hay Davison, who was responsible for SSAP 21 during Cars (incl. estate cars) Light vans and conver-sions (not exceeding his two-year stint as ASC chair-man, in the foreword to the 35 cwt) Commercial vehicles/ accounting standard. tractors An asset, whether it is owned, leased or held under a hire-purchase contract, represents an Trailers Total

economic resource for a business which the accounts ought to reflect in a consistent

Misleading

If leased assets are pot capitalised, "potentially large liabilities can build up off a company's balance sheet." Its accounts will present a mislead-ing picture-both to external users and managers. Return on capital employed can appear artificially high and gearing will be understated.

The ASC recognises that capitalisation may cause tran-sitional difficulties for lesses so it has given the industry plenty of time to prepare for the change: the requirement does not take effect until 1987.

change: the requirement does contract nire, a car is leased for contract nire in recent years, change, leasing might be not take effect until 1987. a fixed period—say two years— Since 1981, for example, the boosted as companies waited for Will the new capitalisation and the lessor, takes responsi-condition cause a shrinkage of bility for resale: the lessee by about 20 per cent. The vehicle leasing market? Les-sors are naturally playing down the problem. Mr Chick Hender-sequently in future the need to steady expansion should con-the problem. Mr Chick Hender-

Source: British Vehicle Rental and Leasing Association. capitalise the asset. Vehicle leasing statistics are son, managing director of Dial Contracts, for example, does not deny that SSAP 21 will bave notoriously poor. The most comprehensive figures are supan effect. But he doubts whether the desire to keep liabilities off plied by the British Vehicle Rental and Leasing Association balance sheet was ever an im-portant motivation for vehicle (BVRLA). It estimates (see table) that its members, car leasing. In any case the capitalisation fleets account for 45 to 50 per requirement applies only to finance leases—leases that "transfer substantially all the risks and rewards of ownership cent of all care leased in the UK. This suggests there are about 1m vehicles operated under finance leases, contract of an asset to the lessee," in the jargon of SSAP 21. hire or fleet management arrangements.

Units Total

54.930

14.967

4.981

72.4

19.7

Self-drive rental -

1,004 1.3 1.3 2.0 75,882 100% 100% 100%

1982

Total

71.5

20.8

6.4 1.3

1981

72.7

18.8

6.5

Units

198.726

18.972

9,760

3,409

230,867

Total

An expanding sector in The BVRLA's statistics pro-vehicle leasing is contract hire vide confirmation of a steady and fleet management. Under expansion of vehicle leasing and contract hire, a car is leased for contract hire in recent years. a fixed period—say two years—Since 1981, for example, the and the lesson takes recent hire in recent years.

tinue. But, be argues, there is one cloud on the horizon, which affects the entire UK motor cial considerations such as tax or whether an asset appears on the balance-sheet. Expansion could be powered

33.939

14.741

307,305

4,413

11.1

4.8

industry This is the proposal from the European Commission in Brusby much more potent economic factors. Contract hire companies are reaping the rewards of specialisation and their ability to reduce the un-certainty faced by companies sels to restrict the divergence in the prices of new cars in the EEC to 12 per cent. If this rule were implemented — which would not be for at least a year which manage their own fleets. In many big companies, trans-port is a relatively unimportant function which does not attract the best managers—fieets are

-Contract hire/leasing/FMS-

Total

86.1

8.3

4.2

1.4

100%

1022

Total

85.9

8.8

100%

196

Total

84.4

9.3

5.1 1.2

100%

would not be for at least a year — It could mean sharp falls in the price of new cars. The contract hire market would be affected because the price of secondhand cars — "residual values" — might also human But abad of the often managed surprisingly poorly. plunge. But ahead of the change, leasing might be

Efficient

change, leasing might be boosted as companies waited for new car prices to fall.

1982 1981 fleet manager. Units Total Total Total 254,212 82.5 81.1 82.7

11.9 on providing an all-round ser-1.4 1.0 1.5 100% 100% 100%

comprehensive-encompas-

for the easy payment of fuel bills, pre-delivery vehicle inspection, insurance cover, road tax and arrangements for replacement cars in the event of breakdown-that it is hard

that the rest of the British leasing industry should adjust quite smoothly to the loss of tax benefits announced in this year's Budget. The longer-term worry is likely to be the effect of SSAP 21. However, accounting require-

ments, are unlikely to prove much of a brake on expansion if the leasing industry follows the trail blazed by the motor lessors and increasingly persuades companies to reassess the

Discrepancies in resale values are often more important than variations in purchase prices. With the recent slump in second hand values, more companies now want the professionals to bear this risk. The average company, for which cars are a sideline, is also likely to lose money on majotenance as it will lack the sophisticated computer monitor-ing available to the specialist Total 1983

11.6

4.9

Vebicle leasing has prospered in the past five years despite the sharp curtailment of tax advantages in 1979, Purely financial considerations have tended to become less important as the lessors have concentrated

efficiently than the medium-

sized company which is in busi-ness to make and sell widgets. The rhetoric of contract hire and fleet management concerns has proved particularly convinc-ing because recession has left companies more cost-conscious -and more concerned about cash flow. Leasing reduces risk in two ways. Rentals can be

pre-set for, say, two years so the client can hudget ahead knowing that fleet costs will not suddenly escalate.

Secondly, contract hire allows the lessee to ignore the vagaries of the second hand car market. Firms which manage

their own fleets lend to concen-trate unduly on initial purchase

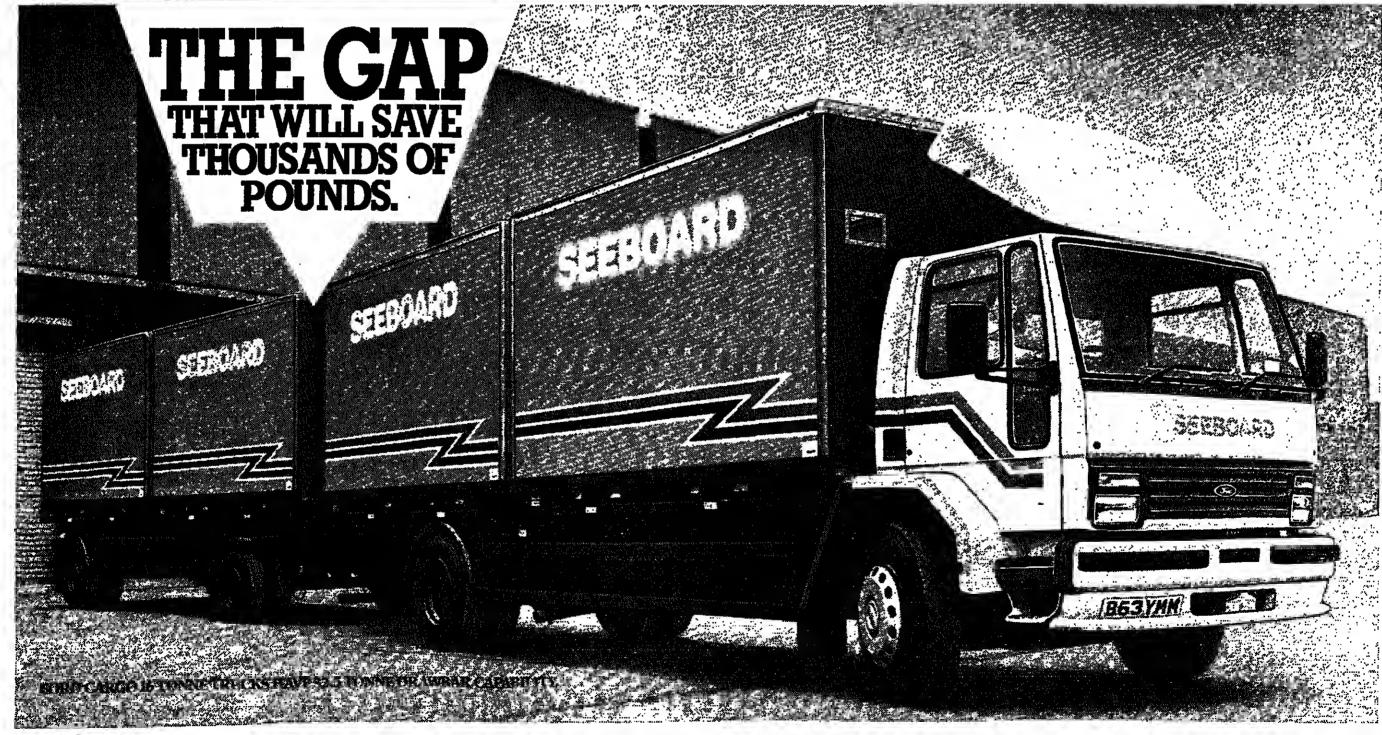
costs and overlook the difficul-ties of forecasting future "residual values."

Ι

Indeed, the service of the big specialist fleet managers is now

sing for example, credit cards

to predict what further innova-tions will emerge. The performance of lessors in the motor industry suggests



The Ford Cargo 1617 shown here is running at 22 tonnes gross and is packed with fridges, freezers, and cookers.

But, unbelievably, it's a l6 tonne rigid doing more than the work of a forty foot artic and saving thousands of pounds for the South Eastern Electricity Board.

or pounds for the south Eastern Electricity Board. Fordare opening up some remarkable opportuni-ties to save money, with the widest and most efficient range of drawbar configurations on the market.

We have National type approval on all Cargo trucks up to 32.5 tonnes GTM. Making the Cargo system the most flexible of all.

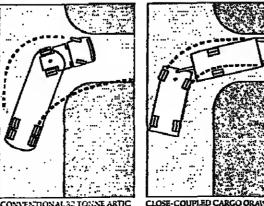
#### More loadspace less tax.

A drawbar offers you up to 50 feet, or more, total body length giving an extra 25% more usable loadspace than an artic. This means you can carry more on every trip, reducing the number of journeys

necessary and saving money on running costs. As well as saving running costs with a drawbar you also save tax. The 1984 budget gave even greater annual tax savings, against an equivalent weight artic, of up to £1,270° per truck. And that can save a lot of money for a large fleet operator.

#### More manoeuvrable than an artic.

Thanks to Cargo's superb manoeuvrability and the latest drawbar linkages our drawbar trucks are outstandingly easy to drive, even in urban conditions. According to a recent Motor Transport article on drawbar handling, "The trailer followed very well, cut-in even on sharp bends was minimal... At no time during the 50 mile run was I conscious of the length." On top of that a drawbar can be driven on a class 3 HGV licence.



#### The Seeboard story.

South Eastern Electricity Board are completely reorganising their appliance distribution around Cargo 16 tonne drawbar trucks and a demountable body system.

Local distribution is handled by a fleet of Cargo 7.5 tonners. They project savings of thousands of pounds a year

In addition, Seeboard will make major cost savings on new district depots since appliance stores buildings will not be required.

#### **Unbeatable experience** and back-up.

Other Cargo drawbar operators include Rank LOSE-COUPLED CARGO ORAWBAR and Associated British Foods.

In fact, Ford's experience in this market is unrivalled by any other British manufacturer. And, naturally, Cargo drawbars have the benefit of the best and most extensive dealer back-up in the country. Dropin to your local Ford Truck Specialist Dealer.

He'll show you how much you can save by taking advantage of the Cargo drawbar range and

"Saving refer to a Cargo 1520 with GTM of 32.5 tonnes

the taxman.



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Π

Ring this number and ask to speak to Moira Fletcher.

That wasn't difficult was it?

That's how easy it is when you let Audi Volkswagen Fleet Services run your fleet for you.

Our Fleet Management and Contract Hire schemes take away the responsibility, the tedious paper work and all that palaver and give it to the people who are best trained to do it. Us.

Leaving you to get on with more important jobs.

Not only do we tax your vehicles, but we also service and repair them. And we

MORA FLEYCHER, CLISTONER ENGLIRIES, VAG (UNITED KINGDON) LTD, YEOMANS DRIVE, Blakelands, Milton Neynes, NNA San,

give you an Operators ID card.

By presenting the ID card to any of the 380 Audi Volkswagen dealers you will get the work done without prior authorization or prior payment.

What's more, they're our own dealers, so we've got more control over costs and quality.

Which means we make it easier for you and more cost efficient for your company.

All you see is a single invoice at the end of each month. All you do is send off a cheque.

Oh, there is one other thing, you can

put the phone down now. Audi FLEET SERVICES

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**VEHICLE FINANCE AND LEASING 2** 

# **Companies steer away from** balloons to lease purchase

# How leasing works ALASTAIR GUILD

DECISIONS about company car fleets have usually rested with finance directors or accountants, not unnaturally, perhaps, in light of the financial reper-cussions involved. Before 1979, when 100 per cent allowances were available to lessors and lessees on rental

to lessors and lessees on rental payments, finance houses encouraged a growth in finance leases where a proportion of the residual value of the vehicle is paid at the expiry of the lease (a balloon lease). Three months' rental was nor-mally paid at the start of the lease, followed by 21 monthly rentals, then a two-month pause. A 40 per ceot balloon the outstanding capital sum paid

out of the sale proceeds of the vebicle-was due in the 24th nonth Lessees were attracted to this type of lease by reduced monthly repayments and the monthly repayments and the absence of any capital repay-ments during the period of the lease. This helped ease the company'a cash flow. Many companies are now steering away from large balloons, realisng that it is pre-ferable to climb out of one vehicle and use the balance of vehicle and use the balance of the sale proceeds to put down on a replacement vehicle, rather than to pay off the balloon. Lease purchase is now offered as an alternative to the balloon lease by most leasing companies. Lease purchase is particularly attractive for companies which

 Non VAT-registered. If a company is VAT registered it will pay VAT on rentals;
 Cash ricb and want to preserve cash resources for other peeds; cover themselves by imposing quite firm conditions on how the vehicle is serviced and repaired by the lessee. They preserve ca other needs; the Nevertheless value

#### ownership the their between 4 per cent and 7 per cent of the average funds • Paying tax. If the lessee is paying tax, it benefits from a invested in the vehicle. per cent first-year capital This, according to Mr Len Clayton, sales director of Swan National Leasing, is no more allowance for commercial vehicles and a 25 per cent writthan a fair return for the ser-vices offered, particularly under ing down allowance for business A lease purchase agreement

contract hire with maintenance. is effectively low deposit hire purchase. It may be structured with a balloon at the expiry of of the payment period — lessees The basic idea is that the conballoon than they did previously — or as a full payout agree-ment. Then the lessee matches the estimated residual value of

vehicle with the monthly A fixed-term lease may be

chosen by a lessee as an alter-native to a balloon lease or lease purchase for several reasons. One is that the residual value of a particular vehicle may be exceptionally difficult to predict, so that the company may not want to risk having to pay off a balloon with what might be minimal sale proceeds.

rental.

**Cashflow** problems Under a fixed-term lease rental payments cover the pur-chase price plus interest on capital. At the end of the lease, the lessor—or the lessee as agent—sells the vehicle, with depreciation." Contract hire companies offer guarantees on the residual value of the car at the end of the contract, a guarantee on interest the lessee typically receiving 90-95 per cent of the amount rates, on maintenance and re-pair costs at trade prices and realised as a rebate of rentals. an instant replacement vehicle for any car off the road. It is However, the high monthly rentals may present many com-panies with cashflow problems. Whether a lessee opts for lease purchase, fixed-term (fully amortised) or balloon lease, it bears the risk of democration also normal for provision to be made for tyres, for example and for insurance with the AA or Mr Clayton feels that much more could be done to improve bears the risk of depreciation. With contract hire, this is not so—at least in theory. At the With contract hire, this is not the way company cars are run. so—at least in theory. At the Last year, Swan issued a "fim end of the contract hire period, quality car challenge." The the lessee returns the vehicle a'n was to radically improve with no charges to pay or risks the values of returning vehicles to hear

with no charges to pay or risks to bear. and thus, to improve the all-round standard of the fleet, "Given that 50 per cent of e vehicle's operation costs lie in The contract hire companies

d and depreciation, it cannot be right They to throw away between £150 and

the members' vehicles, BL second, at 16.8 per cent, and

The attention the mann-

operation owned

jointly Lombard.



options. It could, for example, advertise in The Times. This finance lease. It is important, he says, to is normally worthwhile only for the more expensive range of company car, auch as the Rolls-Royce, Jaguar or BMW. know where to look for deals from car manufacturers. Mr Chayton claims an improvement of at least £250 on buying over any of his customers. This, linked to an improvement on disposal of between £130 and £150, "means a massive gain on dargariation." A company replacing its fleet of say 50 cars could sell them as a job lot to a trader. This

way, the company can avold being left with the cars in the worst condition. Some leasing companies have specialists who monitor the used car situation around the country and know which traders are paying the best prices.

ranging £350 per car in extra deprecia-do 7 per tion simply because the driver funds cannot be bothered to care for his vehicle." Any company re-

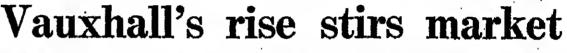
fleet discount terms.

turning better than average vehicles at the end of the con-

tract will receive a review of its

An increasingly attractive method of disposal is the euc-tion. Whereas formerly it was only tha trader who could afford to take the risk on buying secondhand cars at auction. the private bidder is ettracted by the warranties now offered.

Auctions are also attractive to lessees or contract hire com-panies because they can put a reserve price on the car, either part of a lot or individually. Auction companies will give the seller the option of selling at a lower price if it does not reach tha reserve price,



The manufacturers ARTHUR SMITH

place in the car market are not be completed by the middle of systems and able to provide a reflected in commercial vehicle 1985. fleets, according to the British Support from Austin Rover geared to the needs of the Vehicle Rental and Leasing will come not in extra profit customer.

Association. The survey showed margins on the cars - supplied Ford losing ground but remain- but through help with joint ing dominant with almost balf marketing, and from advice and

Austin Rover scheme, at the

Ford has launched a new car asing system to enable dealers to compete in the expanding contract-hire market, Ford Contract Motoring, backed by Ford Motor Credit, is aimed, like the

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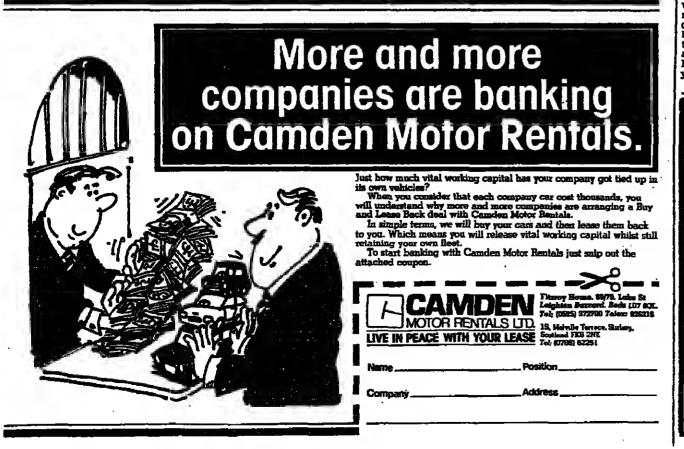
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THE RISE of Vauxhall in the fleet car market over the past per cent. two years owes much to the ntial elements demanded facturers are devoting to by the leasing industry, argues Mr John Chamberlain, the comleasing and fleet facilities in general is typified by Mr Tony Darwall-Smith, fleet marketing The lessor will inevitably recommend and aggressively market products on which he can eventually achieve a respect-able residual value and which the dealer network, its exper-tise and sophistication. Linked with that are the terms offered by Austin Rover Finance, the have not over the preceding months cost him a fortune in maintenance in-house

Breakthrough

The finance company, lauched originally under the The breakthrough achieved by the UK subsidiary of Gen-BL name in 1977, was formed to take advantage of the rapid growth of leasing during the eral Motors is acclaimed by the latest survey conducted by the British Vehicle Rental and 1970s, But expansion continues apace. Austin Rover Finance Leasing.

A questionnaire completed by nearly 600 association members is projecting a turnover of more than £100m this year comreported that Vauxhall gained last year at the expense of Ford, Austin Rover and Peugeot Talbot. Vauxhall/Opel supplied pared with £70m last year and only £42m in 1982. Utilising the Lombard facilities, Austin Rover claims a national network of 115 branch offices with specialists in regional offices. "We can offer a whole range of leasing and contract hire in order to attract the large fleets," Mr Darwall.Smith cars 22.2 per cent of members' car fleets, dramatically up on the 13.8 per cent of the previous year and the 9.3 per cent of 1981 BL over the same period slip-

ped from 13.9 per cent to 13.1, Ford from 61 per cent to 50.3, and Peugeot from 5.7 to 2.0. Imports from within the Euro-Darwell-Smith says. For the self-employed and small businessman, Austin Bover has developed a package sold through selected dealers in the network. Called British pean Community nudged up from 7.7 per cent to 9.4, while other foreign coutries improved from 1.3 per cent to 2.4. Car Contracts, the scheme is aimed initially at the fast-grow-

Vauxhall/Opel taking 9.2 per cent. Imports continued their Initiatives steady advance to reach 11.3 Austin Rover's initiatives to

consultancy.

smaller busine cater for the leasing and fleet market reflect the fact that for Mr Ernie Thompson, director of car sales, said recent research showed that the percentage of the first time the company believes it has in the Montego a serious competitor in the cars on contract-hire in smaller fleets was only half that of the Darwall-Smith, fleet marketing npper medium car sector — manager of Austin Rover. which last year accounted for "He stresses the importance 27 per cent of UK registrations, continuously strengthening at 483,000.

Austin Rover in its calcu-lations noted that about 60 per cent of all cars sold in the upper medium sector are bought by companies or major fleet operators. "No other market in Europe has such a high proportion of cars going to business buyers," Mr Darwell-Smith says.

Another factor of which the manufacturers are concious is the louder voice that drivers of company cars have in the is year com. of company cars have in the ast year and choice of vehicle. Employees increasingly are allowed to Lombard choose from a restricted list over claims supplied by the management or opt for any make of car within a set price range. 1983 . To that end Austin Rover

organised a number of "research clinics" both in the UK and Europe to sound out the views of hundreds of con-sumers. Equally, operators of both small and large fleets were invited to view and test drive the Montego prototypes to ensure that their requirements were built into the final

larger operators. Pointing to the potential offered by the smaller company, Ret thro

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othered by the smaller company, be suggested changes in accounting procedures would reinforce the trend from finance leasing to contract-hire. But Mr Thompson also draws attention to one of the prime 

Vauxhall, building upon the success of the Cavalier in the fleet market, believes that this months' launch of the new Astra will by next year give the General Motor's subsidiary a fairly equal market share with Austin Rover behind Ford, Vauxhall is forecasting an 18.8 per cent share in 1985 compared with the expected 16 per cent this year and 14.6 per cent of

Mr John Chamberlain, Vaux ball's rental and leasing manager, insists that the company's 665 dealers can offer competitive leasing terms. "Some dealers choose to use the facilities offered by the General Motors Acceptance Corporation. Others use inde-pendent finance house We do our bus pendent finance houses. We do not dictate."

other foreign coutries improved from 1.3 per cent to 2.4. Ford, dominant for years ing contracts, the scheme is were built into the final not dictate." Mr Chamberlain insists that ing contract hire but a number of leasing packages are to be sure on its Sierra range to hold important, do not form any the ground established by the almost stating or Austin Rover as a serious contender with the Montego launched earlier this year. The dramatic changes taking the programme is expected to the sure of leasing the programme is expected to the sure and this year and the programme is expected to the sure of leasing the programme is expected to the sure of leasing the programme is expected to the sure of leasing the programme is expected to the sure of the programme is expected to the to 125 dealers. About 60 have the programme is expected to the programme laster [ ] Alers as



Godfrey Davis (Cootract Hire) Limited, Trylord House, High Street, Bushey, Watford WD2 1NN.

Godfrey Davis

# **VEHICLE FINANCE AND LEASING 3**

# On this and the next two pages, Alastair Guild looks at some of

# the companies involved in the leasing business

PRE-1979, leasing companies could claim a 190 per cent allowance against a vehicle in the first year of its life, then pass the tax benefit on to the lessee. That tax advantage, which attracted a lot of finance kouses and clearing banks to company car fleet financing, was removed by the 1979 Budget. Since then, a number of finance houses anticipating a

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PHH

growing trend away from pure finance leasing to contract hire, with all the service that now implies, have themselves set up contract hire and fleet management divisions. Distinctions are gradually being blurred, therefore. Nevertheless, contract hire companies, though they invariably seek the backing of a back of further backing of

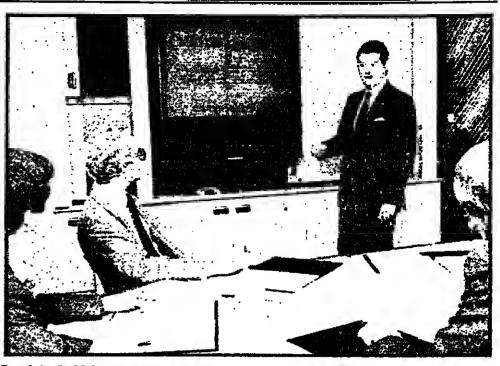
gives them an intricate know-ledge of where to go to get the best buy for their customers, for example, and how to realise the best residnal value for the car at the eud of the contract hire period. This is reflected in the monthly rentals. For finance bouses—so one theory goes—vehicle leasing theory goes-vehicle leasing is just like any other form of a bank or finance house, are proud of their motor trade roots. This, they believe, leasing business. They don't have the expert knowledge to

advise on optimum fleet policy, or the local contacts to be able to provide a truly nationwide network of service for their leasing or contract hire clients. Now, larger finance houses

are increasingly attracting dealerships to offer finance leasing or contract hire at that local level. These finance houses are also training branch employees th advise dealers on the intricacles of

finance leasing and contract hire.

This has lead to concern, certainly among some " inde-pendent leasing companies " at what they see as the hold of finance houses on car dealers, through commission offered for selling finance packages. The rates, it is pointed out, can vary considerably and the company fleet administrator should be encouraged to shop around.



Dominic Suddaby of PHH: "We leave the client with the same measure of autonomy and flexibility that be had with his fleet before "

# **Confidence** for dealers

Lombard

finance subsidiary of National Westminster Bank, is involved leasing to contract hire or traditional hire purchase." in all the main aspects of The dealer bas comprehensive vehicle leasing and finance for the business user. It has been leasing vehicles since it was founded in 1861, first railway wagons for carrying coal in South Yorkshire and then road webicles manuals on contract bire which explain the technicalities and benefits of the various alter-natives and help to identify business prospects through mailing and follow-up techvehicles.

niques. If the dealer still bas a problem he can call the local For the past 60 years or so, a prol Lombard has concentrated on Lomba meeting the increasing need for financial services to facilitate Lombard Lombard Lombard office for immediate Lombard claims that small to medium-sized business receive car ownership. If all its services are grouped together Lombard can reasonably claim to be one of the largest financiers of the same amount of attention as

It offers various alternative funding methods in a wide range of customers, and has what it considers to be a major asset in 112 branches around the larger businesses through a Lombard link-up at local level and bave the same range of financial alternatives open to them.

It says: "Whereas a fleet of, say, eight cars would be seen to be relatively insignificant to a big contract hire/leasing group, eight cars can represent a valuable order to a local

dealer,

LOMBARD North Central, the customers anything from finance through having his car serviced finance subsidiary of National leasing to contract hire or and repaired at the place where be bought it."

On a broader level Lombard has formed a number of useful afiliations. For example, it entered into a 50:50 partnersbip with Lex Service to form Lom-bard Contract Hire, which has enabled it to offer contract hire facilities to smaller businesses through the dealers.

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While Lombard has good relations with all the major manufacturers it has been a partner in Austin Rover Finance (for-merly BL Finance) for some years. British Car Contracts was launched in May 1983 to make contract hire available at point of sale to small business users through over 100 approved Austin Rover dealerships,

Jaguar Cars, no longer a part of BL since its recent flotation, bas joined Lombard in another partnership, Jaguar Cars Finance, to provide leasing and contract hire for Jaguar dealers' customers.

As a result of these trading links and the attention it pays to the needs of small business-men as well as big companies, Lombard now claims to be one of the fastest-growing concerns in the contract hire market. In

"He is bound to look after the year to September 1983 its contract bire interests increased with absolute confidence, offer the customer who, in turn, will contract bire interests in his existing and prospective maintain the relationship by 50 per cent, it says.

Management rather than risk-taking

PHH originated the business of fleet management in the U.S. in 1946. It has been the market leader there ever since and now has nearly 750,000 vehicles in North America and the UK using its services.

"We started in the UK in late 1972 and again originated the idea of fleet management start," explains Mr Dominic Suddaby, deputy managing director of PHH.

"First of all it was a com-"First of all it was a com-pletely new type of business. The only way of getting outside services for a fleet before that was to go to contract hire. Also, of course, the UK economy was in a difficult situation. By 1973 we were faced with the three-day week, the miners' strike, and. Government regulations such as the Control of Hiring

Since 1974, PHH has grown to a fleet of 160,000 vehicles using one or more of its services in the UK. "Obviously there have been periods of rapid growth and periods of relatively slower growth, but we have always been a rapidly evolving company. The only peak that I would point to in particular was that in 1980 when we bought the Ali Star Petrol Company. "Until then no fleet manage-

"Until them no neet manage-ment services package had truly comprised everything to do with the life cycle of a vehicle fleet. The missing factor had been the provision, measure-ment, and evaluation and monitoring of fuel.

when we bought An Star we not only opened up for our-selves a wider existing client base but we also completed the circle of services. Our growth became even more rapid there-after."

"However, many of our clients choose not to lease from us," says Mr Suddaby. "If you have a company in a cash-ricb situation it may well want to get rid of a lot of the problems associated with the operating of getting an outside service. It takes the risks and therefore builds in safety factors and takes a client's normal cost and and managing of its vehicles but may also want to use its adds something to it.

own money.

"Therefore the coming and going of leasing advantage doesn't affect fleet management services as it would affect a finance house or a contract hire company. We are, coincident-ally the world's largest speciaally, the world's largest specialist leasing company, but we don't have to sell leasing to make a living.

"The broad rule is that the larger the fleet the more applic-able fleet management services are. PHH's starting point in terms of vehicle fleet size is about 50 plus. "Below that." says Mr Suddaby, "It is prob-ably worth going to contract hire.

#### Measure

Because PHH is able to measure by cost centre, by type of vehicle, by service life, the broader the scale, the more important fleet management is and the greater are the poten-tial savings, it is claimed. Nether the scale of the scale of

restrictive.

rather more slowly.

Respond

PHH will respond to what it 18 months iater." sees as the likely trend towards fleet management in Britain by improving its services. It bas as developed, p ment services from its head fleet management in Britain by the services from its head for an essential been ats links v so developed, p ment services from its head for an investigation of the services for an its base to be an establic to be an establi "The appeal of fleet manage-mont services is that we leave the client with the same measure of autonomy and flexibility that he had with his fleet belo him to manage it, we mice in Swindon, has an invest-belo him to manage it. We ment in computer hardware and take his normal cost and reduce software running between it to what it actually can be 5500,000 and £1m a year every when maximum leverage and expertise are applied." vear.

"It requires that sort of PHH has, be says, attracted involve and expertase that the a reasonable number of clients people and expertase that the away from contract hire but of the individual contract hire the majority have come from type of companies can afford the majority have come from the make nr are necessarily PHH has, be says, attracted investment in systems and reasonable number of clients people and expertise that few to make nr are necessarily interested in making," says Mr cent of the fleets in this country are self-managed, so it is likely that that would be the higher proportion. Many of our clients considered contract hire and Suddaby.

PHH bas nearly 3,000 comconsidered contract hire and panies as clients. Of those, found it too expensive and 2,000 are small All Star clients on the petrol card side. Of the remaining 1,000, the bedrock of large company fleets is about 500. The largest fleet is just under 4,000 vehicles.

Generally, the largest are self-financing, with PHH supplying fleet management services. PHH also has large clients who lease.

"Until then no fleet manage ment services package had true." "Here, aready several of the market. "Several contract hire companies are been the provision, measure-ment and evaluation and monitoring of fuel. "When we bought All Star we not only opened up for our-selves a wider existing client became even more rapid there. The 1977 repeal of the companies are choosing feet "He 1977 repeal of the companies are choosing feet "The 1977 repeal of the companies are choosing feet "The 1977 repeal of the companies are choosing feet "The 1977 repeal of the companies are choosing feet "The 1977 repeal of the companies are choosing feet "The companies are choosing feet "The companies of the companies are choosing feet "The companies of the companies are choosing feet "U.S. and the U.K. Mr Suddaby. The companies of the "The companies of the companies are choosing feet "U.S. and the U.K. Mr Suddaby. The companies are choosing feet "U.S. and the U.K. Mr Suddaby. The companies are choosing feet "U.S. and the U.K. Mr Suddaby. The companies are choosing feet "U.S. and the U.K. Mr Suddaby. The companies are choosing feet "U.S. and the U.K. Mr Suddaby. The companies are choosing feet "U.S. and the U.K. Mr Suddaby. The companies of the companies are choosing feet "U.S

Control of Hiring Order gave a management. They have admits, is not entirely a fair a client alongside another fleet boost to leasing in general and as a company which offers leas-ing as a company which offers leas-ing as part of its range of would first have to surrender a the reward package whereas in providing the main competition services, PHH benefited from that as the whole industry did "However, many of our clients choose not to lease from us," says Mr Suddaby. "If you have a company in a cash-rice the coming thing, it developed its own operation and has been in competition ever since. It followed us in the UK about An essential element in

PHH's growth in the UK has been its links with its U.S. parent. The original philosophy was developed, put into prac-tice and established in the U.S.. It also has the parent's strong financial' standing. Its credit rating is AA among the major credit rating companies. This enables the UK opera-tion to provide lease funding at a very much lower rate than most of its competitors. It also has the parent's advice,

guidance and access to Its technology. Competition for fleet management business in the UK can only increase, Mr Suddaby believes. But he thinks there is room for many more than two fleet management com-panies. "It is inevitable that

what happened in the U.S. will happen here. In the 1950s the contract hire companies converted to fleet management or went out of business or accepted the smaller end of the market.

vehicles in the UK.

# he tuture. Here and now.

Dial Contracts is Britain's major vehicle fleet finance and management services specialist.

The steadily growing number of businesses who use Dials facilities recognise that although Dial is a source of competitive finance, arranging the most efficient use of funding is actually only facing up to half the fleet problem.



ct hire and leasing arri d on a set pe ns are b and remain fixed and unvarying for up to 36 mon

The reality is, for every pound spent on obtaining or providing company vehicles, their annual running cost is likely to be roughly as much again.

use of resources and control overheads and exhausts) right across the board, why settle for

half measures? 

Join the many Dial clients who go all the way - and achieve ideal efficiency in every area of fleet operation.

At the ultimate, Dial can structure an all-embracing package so streamlined that it can reduce company fleet expenditure to just two invoices a month - no matter how many vehicles you operate.

One invoice covers fuel and oil. The other invoice takes care of everything else.

And by everything, Dial means precisely that.

in addition to the vehicles themserves - and there is no restriction on make - a Dial fleet package can be planned to include: all maintenance (servicing, labour,

If your objective is to make the best parts and replacement tyres, batteries

 automatic road fund renewal fully comprehensive vehicle insurance (with premium rates fixed for up to 36 months and calculated at a percentage of vehicle value) nationwide breakdown service

 and recovery
 the availability of a relief vehicle should one of your own be out of action for more than 24 hours vehicles selection consultancy (using a data bank of over 50,000 vehicle operating histories).



s take care of every aspect of ips, tyre depots and FIXED-PRICE PACKAGES THAT RELEASE CAPITAL AND SMOOTH CASHFLOW With Dial, you can avoid capital

outlay. And your fleet package can be on a fixed-price basis, to remove the effects of increasing costs and fluctuations in interest rates.

Payments can be arranged in the form of set, monthly amounts, agreed in advance and fixed and unvarying for each individual vehicle's entire contract period.

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Whether your Dial package took the form of leasing with linked support services or all-in contract hire, Dial can offer the facility of purchase/ leaseback, so that right from the start,

many of the benefits can be extended to vehicles already in your fleet.

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Dialcard – the fuel payment system accepted at over 9,000 garages and filling stations that automatically provides monthly cost-per-mile and miles-per-litre analysis for every individual vehicle in your fleet.

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PHONE THE FUTURE NOW An average fleet of one hundred cars and light vans incurs a total annual cost of getting on for \$400,000. fsn't that a big enough reason for reaching for the phone and talking to Dial now?

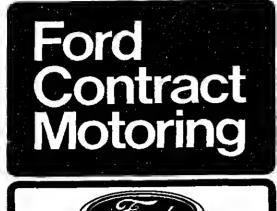
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Financial packages that can include everything - from fixed-rate insurance to the control of fleet fuel costs down to the very last litre.

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It had to come. And it could only come from Ford. From our vast experience in fleet operations (we sell more cars to Fleet Operators than all other car manufacturers put together) we are able to offer a completely new service to business car users.

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Which has to make business sense. Ford Contract Motoring is relevant to both small business car users and large Fleet Operators. What's more, it means that you have all

the resources of Ford behind you. You know how to run your business. We know how to run your cars.

Together we can make a great team. So let's get together. Post the coupon today. \*Excluding Northern Ireland, the Channel Islands and Isle of Man.

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**VEHICLE FINANCE AND LEASING 4** 

# Expanding to meet potential

# **Dial Contracts**

ANYONE in any doubt about the future potential of the vehicle leasing market need venture no further than Putventure no further than rat-ney in West London. There Dial Coolracts bas been set-tling into its new 33,600 sq ft beadquarters having re-cently outgrown 10,000 sq ft of office space. The company bas also embarked on a £3m programme to update its com-poter facilities. Dial Contracts started in 1966 with 509 vehicles worth £330,000. It now ewns almost

22.140 vehicles and expects to add 400 each month. The total cost of its present fleet is more than £100m. Mr Chick Henderson, Blal Contracts' managing director, claims that his is the only vehicle leasing company now owning more than 10,000 cars. Mr Henderson has spent most of his working life in the motor industry. In the late 1950s, he was hired to bein rug Eritish and Colonial cost of its present fleet is

belp run British and Colonial Motors contract hire division. Les took that company over, and be helped to run it within the Les Group, as Vehicle Contracts, until moving to Sbaw and Kilburn to head its contract hire operation, Vehicle Rentals.

Gradual

He then moved to Astley Industrial Trust wbo offered him the job of converting what was in effect a garage, then producing large losses, into a fally-fledged contract hire company. "Contract hire was still very

much a new idea, and growth in the early days was gradual, as we and other companies around like Godfrey Davis and Shaw and Kilburn set about cducating companies into understanding its advantages."

Badgeting was much easier in the 1960s, points out Mr Henderson, not just due to smaller fleet sizes but because market factors were so much more predictable. Inflation was constant at between three was constant at between circle and four per cent each year. New vehicle prices and used vehicle prices kept pace, in tandem and forecasting did not need to be an art.

In 1968-69, he arranged to purchase and lease back the entire Reed International fleet

into commercial vehicles. We had to make a deliberate de-cision and recruit the people with the right experience. Our confidence has paid off with that division already showing a profit." He sees the contract hire

market continuing to grow at a faster rate than finance leasing. The new accounting standard, when adopted as a Statement of Accounting Practice next year will, be-lieves Mr Henderson attract more companies to contract hire. "One of the basic motives for many companies in effecting finance leases was that such arrangements repre-sented "off balance sheet" financing. Many will still wish to acquire their vehicles by such an arrangement, which, will continue to be offered under contract hire."

However, the rise in popu-larity of contract hire be attributes primarily to tha growing number of customers who want a full service. "In a very volatile market where residual values have become less predictable, the idea of a fixed price, no-risk facility has become much more attractive. occome much more attractive, particularly as it has coin-cided with an expansion of the range of services avail-able."

able." Dial Contracts has, for example, introduced an insur-ance plan which is designed as an integrated part of the overall fleet package. Insur-ance costs are fixed in advance for the entire term of the lease or contract hire arresement ent. The company also takes

pride in its garage network

Leasing,

when you're

confident

it falls

into place

Only after taking into account all the relevant factors, can e golfer be-confident that the shot he's about

to play will put the ball in the best



Chick Henderson: confidence has paid off

of 1.700 cars and Dial's fleet size virtually trebled over-night. Reed is still a custom-

night. Reed is still a custom-er. Then, in 1971, came the second landmark. Dial's parent company, Astley In-dustrial Trust, was taken over by Mercantile Credit. This gave access to finance house funds, an even more signifi-cant benefit when Mercantile joined Barclays in 1976. According to Mr Hender-son, the major growth phase was between 1977 and 1979, when fleet size more than

when fleet size more than donbled from 6,400 te 13,000 units, following the relaxation of the Control of Hiring Order.

Throughout its development, Dial has adhered to a strict policy of aiming at a balanced fleet overall, matching large leases with a com-mensurate number of medium and small lessees

That said, the sheer size of its present fleet, says Mr Hen-derson, offers several advan-tages. Dial is able to spread the risk of depreciation across many more car models than the smaller leasing company. Further, the customer can be Fortract, the customer can be offered a total fleet operation. For example, Dial as a group has about 1,800 vans and com-mercial vehicles. "As a spe-cialist division it is only in the last year that we have chased after that market, and recently set up an HGV divi-sion dealing with anything up to 38 tonne tractor units. It is quite a specialist field: bowever, this is a logical extension of our operation.

"The average fleet doesn't just have cars but extends

of more than 4,000 franchise dealerships, tyre, battery and exhaust depots. Dayle-day maintenance is controlled, either as a management service tinked to finance leasing or as an integral part of a fixed-price contract hire package.

Service

Financial Times Monday September 10 1984

Dial's maintenance super-visors, sented at computer terminals in the new offices, vet estimates for maintenance vet estimates for maintenance and repair from Dial-appointed garages, and authorise work only after referring to a vehicle's past service record stored in the company's central computer. The com-puter has become vital too in handling the 18,000 main-tenance and repair invoices which come in each month to Dial's offices. The customer opting for the Dialeard scheme pays for petrol or diesel without any mousy changing hands. He also receives monthly involces from the computer.

also receives monihity involces from the computer. These are supplemented by a series of management conirol reports which give details of cach separate transaction, together with analysis of fuel consumption, maintenance costs and mileage on each individual vehicle, helping in the choice of vehicles for the future.

Dia's two IBM mainframe hold in their database the history of 60,000 vehicles, enabling precise forecasts to be mada on cost, maintenance and restitual values of most cars which in turn make quetations to potential quotations to potential lessees far more reliable.

**Release** your fleet management funds: Taking advantage of Lex Contract Hire is the easiest way to improve your cash flow, making available money which could be invested more profitably elsewhere. Take a look at our most comprehensive package:

**Full Service Contract Hire:** We will purchase and deliver any make or model, pay for all servicing, maintenance, replacement of tyres, road tax and provide full RAC Rescue and Recovery Membership plus the new 'At Home' Breakdown Service. If any vehicle is off the road for more than 24 hours for mechanical failure or accident damage, we provide a replacement free of charge for up to 28 days.

At the end of the contract we collect the vehicle, deliver its replacement and take care of disposal.

Non-Maintenance Contract Hire: We will use our buying power to organise the purchase and supply of your car and we take the risk on disposal when it is sold

You pay for maintenance but leave the responsibility for road tax to us.

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Company.

Indicate Fleet size

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Lex Vehicle Leasing with over 20 years of experience of Contract Hire Leasing is jointly owned by Lex Service PLC and Lombard North Central PLC.





**Offering benefits** to cash-flow

Hamish

vehicle fleets.

Paton:

facilities

Mr Paton sees e trend towards

range of

**United Dominion** Trust

UNITED DOMINION TRUST, founded over 60 years ago, bas always bad links with the motor industry ranging from e host of retail plans for dealers to a or retail plans for dealers to a variety of dealersupport facili-ties and manufacturer-based unit atocking plans. It also owns 11 motor com-panies. Swan National, one of the majar car rental and leasing

the majar car rental and leasing companies, is part of the group. "This experience, coupled with the money resources of our parent company, the Trustee Savings Bank Group, enables us to bandle all forms of vehicle leasing," says Mr Hamish Paton, formerly mana-sing director of Transfeet Services, and now responsibla for tha motor side of UDT's business, including fleet sales and leasing. VAT, and the amount due on : common payment date. The system handles large and small

Apart from open-ended leasing, UDT has developed a range of fecilities to satisfy particular needs, including open-ended lease purchase and balloon leases for both the fleet and the small business user. and leasing. "We laboured for many years without the huge tax shelter available to competitors who are subsidiaries of the clearing banks. That problem was solved with the TSB takeover," be

added. After a relatively short time contract hire, probably stimu-lated by the proposals in Accounting Standards ED29 to capitalise finance leases in the accounts of tha lessee. After a relatively short time in the fact market, UDT is now financing some 15,000 vehicles. "With 65 per cent of all new cars purchased by businesses, many of which are leased, we are capitalising on providing finance plans which particularly take into account the customer's cash flow. This is seen as a vital element to ensure there is no strain on customer repay-ments," says Mr Paton.

UDT's strategy is built on that plan. "It is particularly

accounts of the lessee. "It is also true that many fleet customers regard cars as essential tools of their trade, but the management of the vehicles they would rather leave to experts," he says. "We feel we can offer from within our group the financial, operational and meintenece carticos for and maintenance services for customers who want contract Strategy

"We also make available n He believes that the fullyamortised open-ended lease written over a longer period than the intended life of the fleet, with the ability to settla back-to-back facility to contract hire operators and leasing com-panies who want to use their own documentation and collecearly at predetermined figures, gives the best possible cash-flow tion systems." Mr Paton is confident that

UDT can expand its share of the vehicle leasing business. Within the last 12 months, a separate fleet and leasing department has been established. Fleet sales and leasing executives, strategically placed up and down the country, ara solely engaged in selling fleet finance plans. They have undergone exten-

attractive to customers, as the early settlement figures are calculated actuarially with no penalty," says Mr Paton. These features have been combined with multiple vehicle documentation to reduce paperwork, and a stand-alone com-sive training. Mr Paton regards puter system which, on a them as consultants, experts monthly invoice, produces who are able to discuss accounting for all units by customers' needs and advise make, model and registration them on the most suitable number. It quotes the rental, method of finance.

We at Lease Plan like to think that you will gain a similar confidence when talking to us about looking after your company cars. The confidence that comes from seeing how we operate, meeting our people and inspecting our systems at first hand.

The confidence you get from dealing with a major international leasing group, operating in six European countries and the U.S.A.

By instilling such confidence the Lease Plan group has become one of the largest in Europe.

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And it may interest you to know that we also arrange lease purchase finance for plant and machinery, together with specialised financial services such as the provision of stock finance to equipment distributor networks.

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# **Austin Rover Finance** FLEXIBILITY IN FLEET FUNDING

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full Contract Hire, our competitive package varie tailored to your procisic needs. The Austin Rover Finance teum of Aunding Specialists will be pre-ised to neig you choose the correct finance option to "atisfy your individual business.

indeed, Ausbin Rover, Financy provide a vervice as comprehensive, strictent and in touch with the needs of tousy as the wildely acclaimed rungs of cars







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# LEASE FROM MASTER HIRE. YOU'LL CUT OUT MORE THAN

# I HE GUUPUN.

Just suppose you started leasing your fleet through the man who sells the cars.

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**Telephone** 

# **VEHICLE FINANCE AND LEASING 6**

# Small fleet market

### Leasedrive

VI

ONE OF the greatest untapped markets in vehicle leasing is the company with a small- to medium-sized fleet. Mr Brian Snezth, managing director of Leasedrive, found confirmation of that analysis when he recently discovered that none of the five companies which share the Crowthorne premises where he is based had been approached. by a contract hire company.

He originally reached his conclusion, however, as divisional general manager of Marley Vehicle Leasing. The problem for the larger operators, says Mr Sneath, is that to capture a significant volume of this growth area, they have to devote a disproportionate amount of resources.

"We aim to offer the same services as a large leasing com-pany but on a local level. A medium-sized fleet operator looks for service but he is also after personal contact. Dealer ships offer a localised service, but as they are applied by large contract Mre companies, they don't offer specialist advice on

Europa Leasing

EUROPA LEASING looks back

with barely concealed satisfac-

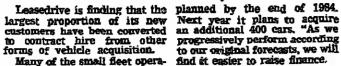
tion at the fundamental changes this year's Budget made to the

leasing industry. At the heart of the Chancellor's proposals

was the phasing-out over a two-year period of first-year capital

allowances-previously 100 per

cent.



Many of the small fleet opera-tors have not been educated in the pros and cons of contract hire, he is convined board to contract credit facilities from large finance houses and £500,000 of hire, he is convinced, because continuous contact has not been maintained by the leasing wehicle finance from a private company which is one of our minority shareholders." industry. The company's first two years' objectives reflect this The company's present fleet is made up of 70 per cent British badged vehicles and 30 per cent European badged. Its average car value is not based educational task. It is marketing

emicational task it is marketing primarily by direct mail to com-panies that do not already lease, and has had a 5 per ceat response on its initial mailings, average car value is not based on the L specification but on a higher specification, so that it contract hires a proportion of Cavalier SRIs, for example. This again reflects the smaller fleet customer who is not governed, as with many larger company fleets, by a very shict company car policy. "showing that the smaller fleet market is eager for informa-"Of the estimated 1.7m cars registered approximately 1m will be registered by company

tion."

operators. "Of that total, an estimated 650,000 will go to the 70,000 or so companies with fleets between one and 25 vehicles. is so companies with fleets from its base in Bericshire, between one and 25 vehicles. Leasedrive is well situated to Leasedrive has been geared to serve the Thames Valley area that market whereas the big which is predominantly popu-leasing companies have gone for lated by service-based industry volume. It is impossible to hit with the marketing spend that companies have." You tend to find," tomments Mr Sneath, "that the middle manager in a medium-

Launched at the beginning of this year, Leasedrive owned 165 vehicles by the end of last month, with a further 150

"This, in turn, gives Lease-

Budget changes give new stimulus



ecalised service based on personal contact.

drive a better mix, the risk is to the small fleet user, spread as there is no abundance addition, because it is a s of one type of model being re-turned once the period of con-tract hire has ended."

The company offens across the range leasing schemes, includ-ing not only contract hire with or without maintenance but also or without maintenance but also finance teasing and sale and leaseback. The atandard arrangement is that the custo-mer chooses an anthorised dealer. The dealer is given an identity card. Any repair work that is going to cost over £25 meeds authorisation from Lease-deine However any emer. drive. However, any emer-gency repair work can be carmiddle manager in a medium-ried out without authorisation. sized computer company, for example, can negotiate the kind of car he wants.

addition, because it is a small company, he maintains, it has built up a good relationship with Mondial Assistance, which, in turn, offers a competitive breakdown service including car

recovery and home assistance. "We operate a Commodore computer-based rate calculation

computer-based rate calculation and fleet analysis and main-tenance control systems, enabling us to react quickly to the demands of the customer. "Our first stage of develop-ment," says Mr Speath, "is to reach a fleet size of about 1,000 vehicles. After that we may well look into franchising throughout the country, setting up senarate profit centres with up separate profit centres with autonomous management which will be able to tap into a central companies do not want to supply base for expertise.

and duration of a particular job. The object is to ensure that the equipment is kept in use or if not, can be disposed of quickly at a satisfactory Drice

#### Slowdown

Until fairly recently, Until fairly recently, demand for heavy equipment in the Middle East was strong, and much of the sarplus in the UK found its way to countries such as Saudi Arabia. However, the Middle East is now a far less recep-tive market, with the slow-down of capital projects.

Tarmac, the Wolverhamptonhased construction company and leading road builder, says that there is also a dearth of future project work, both in Britain and overseas, which

in Britain and overseas, which has affected demand for equipment. The road programme had been very important to con-struction companies, but the industry did not see very much ahead when the M40, the Edinburgh to Newcastle road and the Felixstowe to Birmingham link have been completed. completed.

**Revised financing** for heavy machines

the dollar has meant some price increases from Ameri-

can suppliers. Tarmac has pursued a policy of direct purchase of

LORNE BARLING

DEMAND FOR heavy construction equipment in Britain has declined in recent tenders for roads around, but the road building programme really ran out of steam about three years ago. For this reason, major suppliers such as Caterpillar had seen a fall in demand and purchasers have been careful to ensure they get the right terms in a bayer's market. Equipment prices have generally remained stable, although the high value of the dollar has meant some Britain has declined in recent years with the slow-down in motorway building, but the major suppliers have in some cases adapted their financing arrangements to meet the changing demands of the market.

market. At the heavy end of this sector, earthmovers from com-panies such as Caterpillar of the United States and Komatan of Japan cost as much as £250,000, while excevators will be as much as £200.000 Burnars tracks £200,000. Dumper tracks used for road building pur-poses range from £50,000 to £100,000 each.

its equipment, as have most of the large construction com-The companies which require equipment of this type are the major inter-national contractors and the **Heavy equipment** specialist earthmoving con-cerns, which work on a wide range of projects, often sub-contracting for the

panies, sometimes taking advantage of buy-back deals offered by suppliers. These ensure that a lorry or carth-mover can be sold at a virtually fixed price, after two or threa ware majors. The financial arrangements for the acquisition or use of such expensive equipment are often complex, since they are very often related to the size or three years. Prices for used equipment

are said to have held up well in the past 13 months, particularly for good quality machinery, which is in demand by sub-contractors to

demand by sub-contractors to the specialists. For smaller companies, wark of this kind is never-theless a risky business, since it is very capital-intensive and requires considerable skill to keep the equipment con-stantly in use. While a comshrify in use. While a com-pany may be able to purchase or acquire it with guaranteed work for a year or 18 months, it is more difficult

months, it is man beyond that. According to H. Leverton of Maidenhead, the Cator-pillar agent for a large part of the country and probably the industry's biggest demand for of the country and probably the industry's biggest supplier, demand for hydraalic excavators and other smaller machines has largely offset the problems in the large earthmover sector. Most of the buyers of this type of machine, which sells at between £30,000 and £35,000, are small sub-contracting companies, some of which favour leasing or "rent-to-buy" agreements, "rent-to-buy" agreements, which are in effect closed-end leasing deals over relatively

short periods, usually about six months. Levertum itself has a and ports, was now at a low level. There were a few tenders for roads around, but

Levering first has a jointly-owned company with Forward Trust, called Lever-ton FT Finance, which offers agreements of this type, while the company can also advise on other finance sources if there is a different require-ment.

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However, most companie

However, most comparies which are regular layers of heavy plant have their own fmancing arrangements and in the case of larger con-tractors these are often in-house or dutergroup. Leverton's buy-back terms are normally negatiated on a case-by-case basis and it is happy to do business in this way, since it lass a large used-equipment department which purchases at home and abread. It is regarded as an important part of overall

annoal, at is regarded as an important part of overall business. Loverion, which has been a Unilever subsidiary since 1970, aims to provide the widest possible range of financial options and believes that for the prior of the second financial options and believes that Caterpillar, enjoys a good enough reputation to ensure that a good second-hand sale price is achieved. Blackwells of Rarl's Colne, Essex, is one of the country's

Esser, is one of the country's largest specialist enthmoving companies and is currently preparing the site for the new Nissan car factory near Sunderland. Its other main activities include read-build-ing and a wide range of site

Experience

Like other companies, it has preferred to purchase its equipment outright with independent financing, relying on its own experience to achieve the right resale price

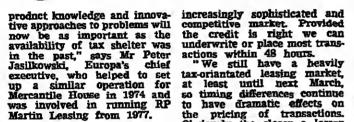
achieve the right resaic price in the market place. "We are specialists at earthnoving and can do it cheaper than most other people; that is why the major

people; that is why the major contractors come to us," a spokesman said. Overall, the outlook for the heavy equipment market in the UK is not good, since contractors are holding on to their machinery much longer than they have done in the past, and the volume of work is likely to continue to decline unless some major prolocing much as the Severn projects such as the Seven Barrage are approved.

During that time, his experi-

The 13-year-old UK system of accelerated depreciation for tax purposes was arguably the most attractive investment incentive available in any of the Western economics. Consequently, it fostered an industry which expects to write £3bn of new business this year,

"But this market was almost totally dominated by a very small group of leasing comtotally dominated by a very panies. small group of leasing companies. panies owned by the clearing Mr Jasilkowski says: "Fleri-banks. Independent lessors such as Europa Intend to secure a quick commitment is the only cently completed funding for the vehicle at any time. This approach has led to the company being involved in some prestigious projects outside the vehicle at any time. As with outsight purchase, a company's insurance boxine as the vehicle at any time. This approach has led to the company being involved in some prestigious projects outside the vehicle at any time. As with outsight purchase, a company's insurance boxine all of it will be placed with one insurer. The moral, says Mr their share of a market where way to meet the needs of an Virgin Records' Boeing 747, dependent lessor will, at all Jasilkowski, should be obvious.



During that time, his experi-ence as a pure broker or fee-earning consultant to both lessees and lessors led him to define a market requirement for a leasing company that could perform a similar role to that of a U.S. investment banker providing asset finance.

constant contact with the rest of the market we can not only offer the most attractive terms available at that time, but also Effectively, an independent lessor is a broker who can and will underwrite a transaction as a principal. Accordingly, while unlike a pure broker we can 'warehouse' the transaction to Europa is also developing its own portfolio of leases, a large proportion of its business is give the customer a speedy declsion."

On the domestic front, the

company's sponsorship of a Porsche racing car in the 1984 Porsche Challenge Series was aimed at underlining its deter-mination to make its mane to have dramatic effects on the pricing of transactions. Obviously the closer a lessor is to his year-end, the 'finer' his charge-out rate can be. Therefore, while lessor A may offer the most competitive rates in, say, December, lessor B, with a different year-end, may well have the edge in March. "As an independent lessor in constant contact with the rest familiar to decision-makers in industry, particularly the fleet and executiva car market.

### Wide range

Europa offers a wide range of packages from a pure finance lease to contract hire. If any of these are not ideal, it offers contract purchase - akin to fleet management — where the use of the vehicle is obtained ontright but the price reflects the anticipated residual value as well as the provision of a particular maintenance and sup-

worth more than £1m and, on times, have the ability to the Continent, a £15m aircraft achieve a competitiva facility project for a sovereign risk European carrier. dreds of sources of finance leases and contract hire with out promoting one in particular Differing credit and other con

straints mean that a cost and cash-flow-effective deal may not be acceptable to one comp but may be readily agreed by another

"The independent, knowing the market, identifies the cus-tomer's needs and locates the

most suitable funding source available. Problems, such as the capitalisation of leases under SSAP21 can be analysed and

A finance or contract hire company, Mr Jasilkowski points out, can only sell the schemes they market, even where they are prepared to acknowledge that it might not be in the cus tomer's best interest. One in

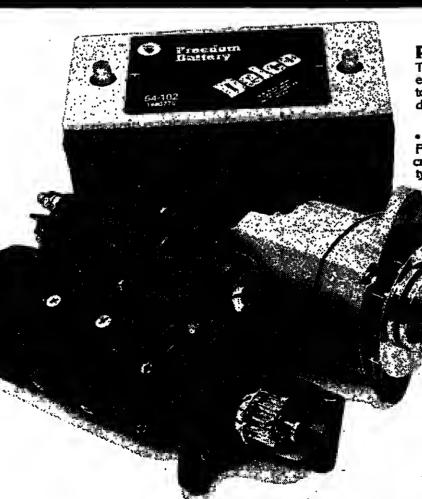
Infrastructure work in reneral, such as preparation for power stations, reservoirs

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# The Delco Remy Road Gang.

A balanced electrical system to reduce the cost of maintenance on diesel-powered equipment.



#### Provides unified power. The Road Gang from Delco Remy ...

electrical components working together to reduce vehicle maintenance on diesel-powered commercial equipment.

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Maintenance-free Delco Heavy-Duty Freedom Batteries with the correct coldcranking power for the particular size and type of engine. Delco Remy Heavy-Duty Cranking Motors requiring no regular service between overhauls. Large enough to meet both hot- and cold- Delcotron<sup>®</sup> Heavy-Duty Alternators. Sealed bearings. Brushless design. Providing sufficient output to supply the entire electrical system and still keep the batteries fully charged.

### Practically eliminates electrical system failures.

Because Road Gang components are designed to work together as a complete electrical system, you realize a greater life span and virtually eliminate failures caused by undersize or poorly matched units.

# Reduces operating costs. Because Road Gang components have

no regular service needs of their own, they reduce maintenance time as well as the risk of road failures. By choosing among the various models, sizes and performances we offer, you can select the exact Road Gang team for your vehicle.

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Proved worldwide to reduce the cost of maintenance. Perhaps it's time you considered the long-term benefits of choosing a matched team of electrical components for your vehicles.

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# A world leader in automotive electrical systems.

Byder One-Way Rental van at work. The One-Way

scheme offers a package deal to customers.

Aiming at large

new market

number.

While the scheme is being promoted in the UK mainly for people doing their own house removals, or companies

relocating their own em-

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# **VEHICLE FINANCE AND LEASING 7**

# Budget changes put under the microscope

Trucks PHRLIP HASTINGS

CHANGES announced in this year's Budget—particularly the phased abolition of capital allowances for plant and equipment -are expected to have a strong impact on commercial vehicle leasing over the next few years.

vehicle leasing companies, this inability of fleet operators to obtain full tax relief immeother commercial vehicles have been faced with three basic diately has been a major factor options: direct-purchase, using in the growth of financial leasing in recent years, either available funds or by means of a short-term loan; hire-purchase or financial

Itersting. Vehicles acquired by the first two methods become the pro-perty of the fleet operator. With financial leasing, the operator with the risks resulting from owner-ship, although actual legal ownership stays with the hirer or lessor. Over the past few years Over the past few years or lessor. Over the past few years wants to use the venue and financial leasing has gained in longer than the period covered in the first stage of the contract.

tors, largely because of various taxation anomalies and to some extent the effects of recession on company profits. With direct-purchase and hire-purchase the vehicle owner

power steering, a loading ramp and a towing hitch for a tow dolly which will allow the family car to be towed behind if necessary. Besides supplying the vehicle, we pro-vide equipment for loading and packing goods, tips on how to load, etc." Mr Lysaght says it is the first time Ryder has tried the one-way concept in the UK, although in the US, the company currently operates about 18,000 one-way vehicles and is planning to increase that

however, many vehicle operators have been unable to match the cost of acquiring vehicles with profits and therefore un-able to claim the full capital allowances. Benefits have bad to be deferred or not claimed at Traditionally, companies plan-ning to acquire new trucks and According to commercial

purchase.

depress taxable profits through-out industry and commerce,

While financial leasing agree-ments have hitherto gained in popularity, however, the 1984 Budget is expected to havo a depressive effect on this trend,

capital allowance offset against by 1986 will reduce the value driver and vehicle with main-taxable profits in the year of of any allowances when they tenance. are offset against tax. At the With recession helping to

same time, first-year allowance; currently available on leased commercial vehicles are to be progressively phased out by 1986

Likely repercussions of these changes were highlighted in a report "Commercial Vebicles-the Economic Alternatives," commissioned by the British Road Services Group and pre-pared by two lecturers in accountancy at Exeter Univer-aity. Terry Cooke and John

Glyn. They say: "The loss of allow-ances will affect both the direct purchaser, with available tax-able capacity, and the lessor. In their case, leasing rates will obviously rise and the removal of the taxation anomalies may well lead a a decline in the number of lessors willing to write new business."

The report goes on to say that another form of agreement, contract hire, should now increase in popularity since it will avoid all the financial problems created by the Budget, being a fully tax deductible option con-

stituting a normal trading expense. Defining exactly what consti-

totes "contract hire" can be diffi-cult, since the term tends to be

Normally, under straightfor-

ward vehicle hire, the vehicles are supplied with a limited num-ber of additional services included in the bire price. These can include the vehicle's road tax and its replacement in the event of a breakdown. There can also be clauses covering maxi-mum allowable mileage, while the hirer normally lays down certain conditions for servicing

and repair. Maintenance contract hire involves a far more inclusive and comprehensive arrangement under which the company hiring out the vehicles takes on full responsibility for maintenance, a breakdown service, insurance, licance and other extras un to the provision of fuel and driver. In some cases, contract hire companies now buy up the vehicles owned by fleet opera-

tors and then nrovide a range of services nominated under a

year allowances, however tax-reflected capital expenditure management arreement which results from the fleet takeover. Vehicles are subsequently reprojects are likely to compare less favourably with mring placed under an agreed proproposals evaluated on a cashgramme.

The BRS-commissioned report flow basis." adds: "Figures from the latest survey by the British Vehicle Rental and Leasing Association reveal that over twice as many In the light of the Budget, he believes, it is likely that the benefits of contract hire, such as operational efficiencies, vehicle management, predictcars are being operated on con-venicie management, predict-tract hire terms as under finan- able costs and cash flow, cial leases. While no exact will be given "their true figures are available for trucks, weight" when compared with this trend seems quite likely to other methods of vehicle owner-be repeated" cars are being operated on conship,

Contract-hire rentals are of Similar views were expressed course allowable for corporaby another major company in tion tax purposes. Mr Noel points out. They will continue to redect whatever benefit is available to the contract hire the vehicle rental and contract hire field, Transfleet Services, a joint venture between Lex Ser-vices and Lombard North Cencompany by way of future writing-down alowance, be adds.

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Allowances

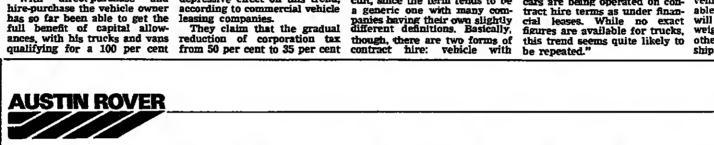
Moreover, under the propo-sals of ED29 "Accounting for Leases" it is likely that contract-hire agreements will be Mr Michael Noel, the manag-ing director of Transfieet Ser-vices, says that until this year's classified " Operational Leases " Budget the attractions of 100 per and therefore not be subject to the same treatment as financial cent first-year allowances on new commercial vehicles had leases. Thus, they will not need to be reflected in the company often been seen as outwelghing the favourable operational benefits of contract hire when companies sought shelter for balance-sheet. Not all leasing companies, however, are convinced that the

and the second sec

companies sought shelter for high taxable profits. "Although these allowances were frequently reflected in contract hire and rental agree-ments, some company financial managers preferred the after-tax financial option of direct purchase," says Mr Noel. "With the phasing out of first-wear allowances, however faxbenchits being claimed for contract-hire arrangements are sufficient to set off any immedi-ate rapid swing away from established leasing agreements to more comprehensive con-tract hire deals.

According to the BRS group sales and marketing director, Mr Richard Lovell, the changes in the Budget should cause a lot more fleet operators to look at the *i* a of a total package rather than a straight leasing deal.

"The aim of the report we commissioned was to open peoples' eyes to the fact that with the diminution of leasing advantages as a result of the Budget, it is now worth looking at more broadly-based packages." he says



# **AUSTIN ROVER THE RIGHT CARS.** THE RIGHT BACK-UP



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### PROFILE Ryder Truck Rental

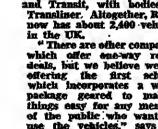
IN A BID to open up a new and potentially large market for vehicle rental operations, Ryder Truck Rental bas launched a scheme aimed specifically at the general public but with commercial

concerns also in mind. Under the scheme, One-Way Rental, vehicles can be hired from any one of Ryder's own 16 full service stations or from 40 to 50 dealerships in the UK and returned to the one most convenient to final destina-

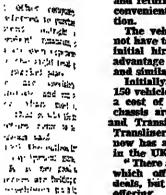
The vehicle therefore does t have to be returned to the initial hiring point, a major advantage for house removals

advantage for house removals and similar jobs. Initially, Ryder has bought 150 vehicles for the scheme at a cost of about £1.5m. The chassis are Ford 0609 Cargo and Transit, with bodies by Transliner. Altogether, Ryder now has about 2,400 vehicles in the TIK.

" There are other companies which offer one-way rental deals, but we believe we are offering the first scheme which incorporates a whole package geared to making



things easy for any member of the public who wants to use the vehicles," says Mr Tom Lysaght, purchasing and contracts manager. "The vehicles will have



ployees, Ryder believes there are also commercial opportunities in one-way rental. "There are businesses such as shop-fitters, exhibition contractors, and computer installa-tion companies whose need for

transport often means that the vehicle is standing empty for long periods or forced to return empty to its base, which can be expensive," says Mr Lysaght.

One-way rental, he claims reduces vehicle down-time and allows the driver or installa-tion team to return to base as soon as the job is finished, Ryder Truck Rental has been operating in the UK since 1972 when it acquired the jong-established contract hire company Fisher Renwick.



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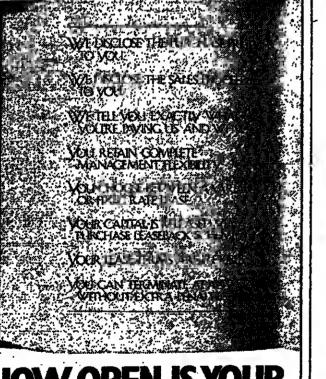
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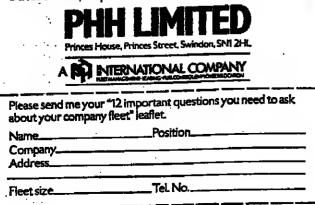
# HOW OPEN IS YOUR FLEET LEASING AGREEMENT

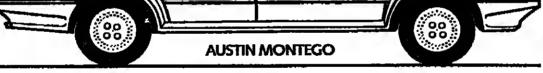
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# **VEHICLE FINANCE AND LEASING 8**

Flexible fleets meet seasonal rush

# Trailers

VIII

#### PHELLIP HASTINGS

interesting idea but unlikely to be of lasting value.

The fact that trailer rental carry highly seasonal goods at the same time. leasing agreements for trailers, and leasing in its various forms such as ice cream, beer, mailing in its various forms such as ice cream, beer, mailing in texpanded considerably is sents and so on are embarrassed but expanded considerably is sents and so on are embarrassed attitude in industry as a whole trailers in the high season and lease for companies to own or peaks and troughs, unusual due mainly to a changed both by the shortage of suitable sense for companies to own or trailers in the high season and lease trailers for up to 75 per delivery problems, or fixed deverses and to rent additional equipment for the rent additional equipment for the sense an alternative sense in the rent additional equipment for the sense and the sense for comparises and to the rent additional equipment for the sense and the sense for comparises and to the sense and the sense for their business and to the sense and the sense for the sense for the sense and the sense for the sense for the sense for the sense and the sense for the sense and the sense for the sense and the sense for the sens

AS A RELATIVELY new which is now far less committed m the idea of baving to own all the equipment it needs. Mr Jim Cleary, the UK-based managing director of TIP Trailer Rental's European ope-rations, says: "The key these days where equipment such as trailers is concerned is 'use' rather than ownership. No com-pany uses all its trailers all the time testing idea but unlikely to it did? at other times." As evidence he has produced a table showing what be claims is a typical load pattern for a company carrying various con-sumer goods. It shows too many vehicles in the January-March period and not enough in the June-July and not enough in the December periods.

sense for companies to own or lease trailers for up to 75 per cent of their husiness and to rent additional equipment for

rent additional equipment for the peak months. Other factors which, they claim, should be taken inm account include down-time for MoT tests and maintenance, since surveys have indicated that a fairly constant 10 per cent of every fleet is off the road for essential repairs and main-tenance at any one time. Equip-ment flexibility is another argu-ment flexibility is another argu-ment in favour of rental, say the ment in favour of rental, say the same companies, since special trailers can be used when

required. The raising last year of the legal vehicle weight limit to 38

Leasing is sean as an alter-native to purchase, enabling operators to avoid tying up valuable capital which might be better used in other areas of the husiness. Some of the trailer rental companies offer which, they say, provide worth-while alternatives to those available from finance houses.

more people are tending to lease rather than purchase," be says. The argument is not really about whether to lease or rent but whether to buy or

The UK leasing and rental company XTRA is much more oriented towards leasing. It now bas some 3,000 trailers and chassis available for leasing in the UK and Europe, where it has operated since 1975. It is now thinking of expanding its fact both in numbers and types

fleet both in numbers and types of unit.

"We are basically a leasing company, and will lease trailers for periods from one day to eight or 10 years," says Mr Michael Kelly XTRA's director of transport equipment in Europe Europe.

"Normally, if the agreement covers a period of a year or more we ask tha lessees to be responsible for tyre wear, main-tenance and so on because if they have the equipment for that long we have to hold them responsible for legal require-ments such as the MoT test. But we do offer one-year lesses. we do offer one-year leases, where we take responsibility for servicing."

XTRA Currently, most

"We don't push one type of scheme against the other, but what we do notice now is that more people are tending to lease rather than purchase," is business usually improves in the customers are hauliers who, approach to Christmas. The big nore people are tending to lease rather than purchase," is on were still reluctant to this improvement will continue make longer-term commitments into next year. His own view really about whether to lease for equipment. Although they is that 1985 may be rather like to the for equipment. Although they is that 1985 may be rather like sion were still refuctant to make longer-term commitments for equipment. Although they would benefit financially if they would be such a long time ahead.

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y is that 1985 may be rather like 1984, a "stop-go" year. "We are very much com-mitted to supplying TIR trailers, the type used for exports to the continent, so if British export performance picks up so should our business. I am not that optimistic that this will happen, but I am not totally pessimistic either," says Mr Kelly. Sneaking for TIP. Mr Cleary Another problem for UK trailer leasing and rental com-panies over the past few years of recession has been the fact that the haulage industry, with its many one-man and other small businesses, has suffered a higher than average rate of hankruptcles. Bad debts have been a serious problem for the trailer suppliers in recent years. Speaking for TFP, Mr Cleary takes a slightly more optimistic view. Besides a possible increase in business resulting

trailer suppliers in recent years. How the trailer leasing and

increase in business resulting from an overall improvement in .UK industry, the changes announced in this year's Budget, including the phased abolition of allowances for plant and equipment, have led many companies to take a new lack at their trailer uncertimes look at their trailer operations, he believes.

"Wa expect to see an increase in trailer rental activities in September and we have already had more inquiries than at this time of the year for many years past," he says.

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rental industry will fare now there are signs that UK industry as a whole could be over the worst is still open to debate. August is usually a quiet month in the trade, but business should start to pick up in September as manufacturers resume full annountion after

resume full production after the summer break.

Mr Kelly says it was true that

Here and on the facing page Alastair Guild examines some user companies' fleets Efficient transport the

key to servicing

THE GERMAN-BASED com-puter company, Nixdorf, has a turnover worldwide of £700m each year and has captured an estimated 35 per cent share of the European market in bank-ing systems such as branch con-trollers and antomated keller machines. Point of sale ter-minals for restaurants, shops and other retail outlets are enother retail outlets are another speciality.

At one stage, when the company, flowever, it found that it was involved in so much administra-tion and that it jost did not have the expertise to meet the tight response time demanded of its engineers when a car did hreak

The majority of its 18,500 engineers, salesmen and man-agers are involved in support-Nixdorf ing customents with its hardware and software. In the UK these

given an immediate replace-inent vehicle." instead of 20,000-tha standard for the Nixdorf fleet-over 36 At one stage, Nixdorf used a months instead of the normal period of 27 months. Nixdorf has opted for dual sourcing, so that it has two con-tract hire companies looking

after its fleet. This was partly because of different fleet requirements throughout tha country and partly to keep the companies competitive.

Its fleet of over 200 cars is composed of a range of makes, Ford Escorts and Cavaliers are the norm. Managers use BMWs and Mercedes. It decided on



Stewart McCaw at the UK headquarters at Hounslow. **Repair times can average 20 minutes** 

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WILL TAKE YOUR





Kenning Contract Hire Gladstone Buildings, Clay Cross, Chesterfield, Derbyshire 545 9.1W. Tel: (0246) 863939 legal vehicle weight limit to 38 tonnes also caused additional interest in the possibilities of trailers, say the rental com-panies, hauliers can test new routes, new traffic and new leases than those offered by hading patterns without having to risk their money on specu-lative purchases of equipment. "Many companies have found that trailer rental is a good way to experiment with 38-tonne loads, given the uncer-tainty over the ideal rig and real operating costs," says one treal operating costs," says one tweights has introduced more people to trailer leasing and countries. Rental rather than the sublet of the sublet to risk their money on specu-lative purchases of equipment. "Many companies have found that trailer rental is a good way to experiment with 38-tonne loads, given the uncer-tainty over the ideal rig and trailer rental company execu-tive. "The increase in vehicle weights has introduced more people to trailer leasing and to trailer leasing and countries. Rental rather than

Stock

rental." I countries. Rental rather than rental." I countries. Rental rather than rental." I countries. Rental rather than leasing is still the bigger part There are some blurred edges of its European business, says when defining rental and Mr Cleary.

TIP, for example, claims that while most finance houses will not agree to have trailers built until an order is signed (caus-

# **Contract Hire that** covers the country

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# How to make a capital recovery from the worryof buying company

cars

Piccadllin, London, 01-493 6425, Morden, Surrey, 01-646 2313, North Finchley, London, 01-445 6321 Norwich, 0603 615721, Worcester, 0905 24301, Nottingham, 0602 781134, Coventry, 0203 83121.

include the Midland Bank and the Anglia Building Society. As customers place more and more reliance on their computer systems, so prompt servicing has

become vital Midland, for instance, now has more than 1,000 Nixdorf instal-lations in its branches. "This poses a problem-or opportunity -in terms of engineering ser-and would delegate to the car vice," says Mr Stewart McCaw, hire company the responsibility Nixdorf's UK facilities manager to get a replacement vehicle to with overall responsibility for the engineer.

with overall responsibility for the engineer. its fleet. Meanwhile, the driver would Maintenance contracts offered be waiting in a phone box for a by Nixdorf guarantee to have phone call from any of the an engineer on site within one three parties involved. I would hour. In the event of a systems then be left with the problem built in a problem of a systems then be left with the problem hour. In the event of a systems fault, the customer dials up one fault, the customer dials up one of working out what to do with of eight Nixdorf centres in the the broken down car. UK from Perth to London. The "With contract hire, the

fault is disgnosed at the centre and then either the fault can be repaired remotely or it may be essary for the engineer to go

out to the customer. "In some cases, we can get out of normal business hours, repair times down to an average on Saturdays or Sundays in of 20 minutes. The key to such service, however, is providing that can be additionally im-the most efficient means of portant. "If a customer comes in with

transport." Nixdorf chose contract hire because of its flexibility. "Each the customer. The contract hire company has potentially every garage in the country on its pay-roll, so that, for example, even if the car breaks down in the contract country on its pay-troll, so that, for example, even if the car breaks down in the company bas potentially every contract hire to contract hire company bas potentially every contract hire to contract hire company bas potentially every contract hire to contract hire company bas potentially every contract hire to contract hire company bas potentially every contract hire to contract hire company bas potentially every contract hire to contract hire company bas potentially every contract hire to contract hire the customer based on the island would travel hire company bas to contract garage in the country on its pay-roll, so that, for example, even if the car breaks down in the Orkneys where we now service hire company was able to offer computers, the engineer is a contract for 10,000 miles

"If the car broke down," explains Mr McCaw, "the en-gineer made a call to head office here in Hounslow. Our fleet administrator then had to contact the fleet management com-pany. Invariably, the fleet management company then had to call on a car hire company,

mers

driver rings the contract hire company direct. It provides a replacement vehicle and the

cost is built into the contract.

would like to know more about Wincanton Contract Hare

Wincanton Contract Hire Wincanton Contracts Ltd, Wincanton House, Western Avenue, London W5 OPS,

r vans. Let's assume you own a fleet of either or both. And that a sudden injection of capital would be welcomed by your company right now

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all-white cars-they are less accident prone. However, because residual valoes are lower, there is £2 excess to pay each month. It has also had four diesel vehicles on trial

over the past year to test the cost savings and reliability. "Another benefit of contract hire," says Mr McCaw, " is that if there was ever another fuel crisis, the contract hire companies have garages where they would keep a certain amount of fuel for contract hire custo

Nixdorf keeps fleet costs or computer. It can pull off a print-out by registration number or driver's name, to give the period of contract, when it ter-

period of contract, when it ter-minates, the costs and the loca-tion. Its total fleet is now run on a day-to-day basis by one person, who also has other functions. "We have such a hig fleet that we can change cars within the company to respond more rapidly to custo-mers' needs. We also have back up vehicles on contract mers' needs. We also have back up vehicles on contract

hire." The company's engineers and The company's engineers and managers make frequent trips to Germany and other parts of Europe. "If I am flying to Germany and want a car at the there and I can go to the con-tract bire companies and they will give me the service I demand on a rental basis because of their connections with car rental firms."

FT 10/9

**VEHICLE PROBLEMS OFF YOUR DESK** AND GIVE YOU MORE SPACE TO RUN YOUR **BUSINESS.** 

Take a look at your desk

How many problems have you got to sort out? Parchasing Production, People, Property and many more, but what about your transport - are your running it efficiently or does it seem to take up too much of your time? and if you're already realised there's a problem, have the companies you're spok

And if you've already realised there's a problem, have the companies you've spoken to told you endiess details about how they've salued someome elses problems but not how to solve yours. If the last paragraph rings a boll, its time you talked with Fleet Management Services. They won't send you reams of facts and figures about other peoples companies - they'll come and talk to you about yours. They'll need information about your fleet, what you run, how often you replace it, what sort of service you require and when they'le looked at all the information they'll put together a package to run your fleet officiently - they'll also explain the various options and relevant costs. Fleet Management Services - they'll give you the solution to your fleet problems - not some how places.

fleet problems - not somebody elses. JIET PROHEIDS - HOLSONIEDOGY EISES FULL MAINTENANCE CONTRACT HIRE NON MAINTENANCE CONTRACT HIRE FINANCE LEASE FULL FLEET MANAGEMENT SERVICE MAINTENANCE MANAGEMENT SERVICE INSURANCE MANAGEMENT SERVICE

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# **VEHICLE FINANCE AND LEASING 9**

# Buying/selling in-house

# Philips

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- fine

SEA PAINTINGS line his office walls and he talks with obvious affection of his days as a purser on liners, such as the Queen Mary. He developed a fondness 

on shore leave. Mr Jim Barnett now deals with cars of a different pedi-gree, while the "feet" he manages is strictly land hased. As manager of Philips Elec-tronics' car and travel depart-ment he is varumerible for some ment he is responsible for some 3,000 cars and Transit vans with

a replacement value of £16m. He has, however, chosen to steer a rather unusual course in the management of the com-pany's fleet. He has kept the buying and selling in-house while, in 1982, handing over "responsibility for maintenance to a fleet management company. "We have been doing husi-ness with the same dealers for over 30 years 50 we have good huying and selling power," he explains "This waar Philips huying and selling power," he explains. This year Philips will spend £7m on new vehicles more power with garages and realise about £2.5m from around the country and is sales. The dealer retains a small percentage of the price when counts on servicing costs, for selling a vehicla to Philips and example. From 1982 to 1983, part of any bonus he may get Philips reduced maintenance from the manufacturer. Every Octobec, Phillps agrees

Mr Barnett is an accountant. on that formula are sold to Philips staff or by auction. The company changes between 1,200 and 1,300 cars every year. All cars are changed at 50,000 miles or at an average of 30 months. "We make a profit on the deals, but only due to the volume we are handling and hecause we are Lin; £250,000 on short-term hire cars; £500,000 for insurance; £250,000 tax. Depreciation amounts to £4.5m, not to men-tion capital costs. The total dealing with a small number of dealers. "We also do husiness with

manufacturers. With the volume we huy, we get a per-centage hack on the cars bought. These are relationships fleet operation runs to £7.5m, plus £4m on fuel.

"Control of money spent is a complex thing. Some large companies running between 3,000 and 6,000 cars don't know built up over a number of years. That is wby I can do it cheaper than paying a fleet management company." Maintenance is, he says, a different problem. A fleet man-agement company has a lot how to control costs. That is why quite a few are handing over repsonsibility to leasing companies. Yet it would cost £200 per car per annum more

foc a leasing company to do what I am doing." Philips has developed with the fleet management company a system to suit its own needs. All information on maintenance, the service servicing and fuel of every cac tiated very is put on to magnetic tape by hire rates.

doing."

the fleet management company. (Philips' fleet now uses the fleet management company's fuel card). This information is then tored on Philips' mainframe. 'We can take what information we want from 10 VDUs scattered around the company, and know exactly what we are

Short - term replacement vehicles are also controlled from the Philips' .car department hased in Croydon. Swan National employees, in Swan National uniform, provide the sources." When here poor the service. "We have nego- pany, there is a hefty excess tiated very good terms on daily milage charge. These are just two reasons."

Why, I asked Mr Barnett, did Philips not opt for contract hire? "Nobody can take all your worries away. We are buy-ing 3,000 cars across the country, and may never see a car: salesmen and engineers are not noted for taking care of their cars. If we never see the cac, we don't know what condition the body work is in. The leasing company would charge Philips to return it to good condition before selling it. If the car has overrun the milage set hy the contract hire com-

THE activities of Trusthouse posal, mainly by auction. Forte are highly diversified. This decentralised ap ranging from hotel manage- has caused some problem ment to in-flight catering. The group structure, with eight in-dependent divisions, reflects

Responsibility foc running company cars and commercial vehicles is, for most intents and purposes, also devolved. But decisions about overall policy are made at the group's head-quarters just off Piccadilly in London. THF recently decided, for example, to hand ovec the running of its fleet of 1,250 cars and commercial vans to two fleet management companies. ileet managemeot companies. "We are actually in the pro-cess of switching," explains Mr Colin Olds, who is the group huyer of cars. Hitherto, cars were bought centrally and the price negotiated with a dealcr, the financing heing done through Ford Motor Credit. The order would be placed agement companies. We wanted

this.

to keep them competitive to he able 10 compare their performposition after 12 months."

The order would be placed with the dealer, who would invoice Ford Motor Credit. THF would then spread the cost over four years, making 16 pay ments

The car was sent to the trans-port managec of the division concerned, who would hold the registration documents. Ser-vicing was arranged by the driver, who opened an account in the name of the division. The implies for servicing would then servicing, reliccnsing, repairs, maintenance and replacement vehicles, and, at the end of the car's service with THF, dispose of it. They will provide THF with invoice for servicing would then be sent to bis division.

regular management reports, hut because THF has no central At the end of the vehicle's life (THF changes a car after four years or 70,000 miles) it is returned to Mr Olds for discomputer it will not be able to link up with the fleet management

cial vehicle fleet was so speci-This decentralised approach alist that it would be better has caused some problems, how- dealt with under contract hire. ever. "Once the first is dis-posed to the divisions," explains Mr Olds, "it is difficult to collate costs and so run the fleet Group refrigerated vehicles make regular natioowide deli-veries nf all kinds of foodstuffs, many of them perishable centrally. Each division has its and with a short shelf life, to

own accounting system. "We decided to dual source the fleet management of our cars because we had no practical experience of fleet man-

Trusthouse

Forte

A decentralised approach

outlets large and small: 1.400 delivery points, including 200 hotels receive regular deliveries varying in frequency from twice a day to three times a week. Computer control plays a major part in the distribution programme, which involves a meat processing plant, two

IX

grocery warchouses, a frozen food plant and five regional depots THF sought a company with

national coverage and a localised network. Currently, 45 vchicles are hired and it is expected that this number will be progressively increased. The contract hire company chosen

In future the fleet manage-ment companies will source and place the order for the car and nvoice THF, which will then pay the dealer direct. The com-panies will also take care of panies will also take care of panies relicensing, repairs, panies in that the perish-able products carried need control. In collaboration with the contract hire company's engineers, it devised multi-compartment bodies which can be adjusted to suit the composition of the load.

In the triple-compartment vchicle deep-frozen goods can be carried at the front, heavily chilled in the centre, and lightly chilled in the rear.

of administration

**Improved** system

Railcar Services

RAIL CAR SERVICES LTD. managing and maintaining 60 per cent of the privately-owned. freight rolling stock operating on the UK rail network, found

depots throughout the UK. There are approximately 100 vehicles in the fleet, some 25 are cars, the rest are mainly vans or estates, used to trans-These maintenance vehicles contract hire for six months, used in be Transits but are then sale and lease hack of gradually being changed ovec the company fleet.

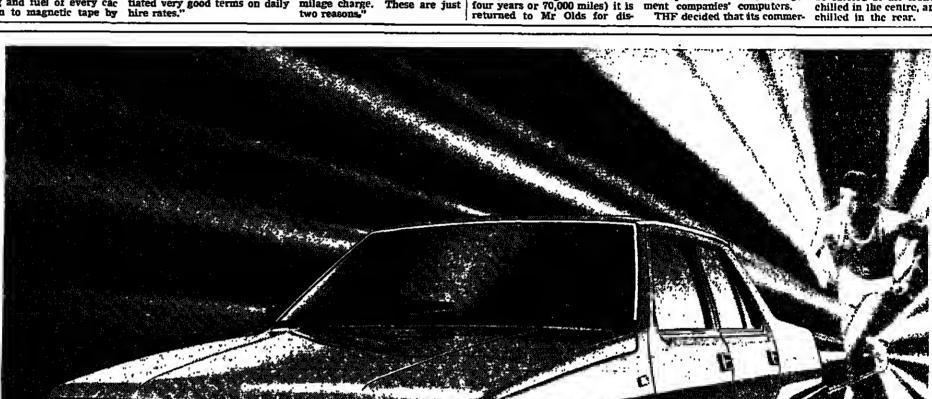
"Our vehicles, are not con-centrated in one area," explains Accurate "We can now budget very Mr David Pickup, the company's financial controller, " so that we cannot use one garage for sergetting a prompt response. The vehicles are, in effect mobile

on an ad hoc hasis and renew ing according th mileage, we were wasting management time. Servicing and maintenance was always potentially nnpredictable and costly. Rail Car Services is not so big that it could afford to carry

a reserve fleet. On the other hand, being part of the major U.S. Marmon Group it was not interested in finance leasing because Marmon could borrow itself increasingly embroiled in money just as cheaply as any the management of its own road finance house. It had a turn-vehicle fleet. Its 300 employees operate rated blue chip, from a network of 45 manned "I had to ask myself; should denote throught the Tit in a start in ather

we try to be experts in other fields, when they are only fringe to our main activity which is servicing rail car fleets?"

al controller, "so that we accurately, nn the basis of a use one garage for ser-fixed cost/mile. It has also Garages differ tremen taken a lot of the personal dously from location to location animosity out of company car in standards of service. ownership. Employees have a "We were finding we were not choice of cars, which used to getting a prompt response. The be hased nn cc. This is now heing changed to pence/mile. -the rall industry runs to such tight schedules." A lot of time was being wasted, he explains, administer-ing the fleet nn an ad hoc basis from Birmingham where the wasted, he explains, administer-ing the fleet nn an ad hoc basis from Birmingham where the company is hased. "Cars, for instance, are a very comotive subject. There is always a bit of oneupmanship, argument is dout who should have what. It was also very difficult to get cheques to garages which had serviced our whickes and to get banks to clear those cheques locally. "Officially there were many more. One of our men could spend weeks trying out vehicles and still not come up with the right area. more. One of our men could someone to do the job cheaper spend weeks trying out vehicles but cheapness may not provide and still not come up with the right answer. By purchasing the end."





arnett. His land-based flest, with a replacem value of £16m, is bought and sold at a profit.

# better able to negotiate discosts and saved an estimated £72,000, with the dealer, car hy cac, how much he will pay for a second-hand car, based on Glass's Guide. Cars which are not sold Accountant

It is preferable, he says, to make an accountant responsible for running a large company car fleet, than "a whizz kid engineer who knows about cars, or a personnel manager." He outlines some of the annual costs involved in Philips' fleet. On repairs and maintenance,

11 YOUR DESK

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# **VEHICLE FINANCE AND LEASING 10**

# Making a choice: the cars favoured by managers

LEASING companies favour the year may be expected to achieve vehicles that regularly make up dramatic improvements in high the Top Ten in the Society of speed economy simply through Motor Manufacturers end having a more streamlined vehicles that regularly make up the Top Ten in the Society of Motor Manufacturers end Traders' statistics of car regisshape. (Veuxhall) and BL between them take the first nine places; **Promise being** 

fulfilled

Volvo comes tenth. Bnt leasing appeals to the

Χ

operator who prefers to run an up-market car while keeping his capital intact no less than it

capital intact no less than it does at the lower end of the price scale. This article considers eight of the most popular cars among the leasing companies and therefore concentrates on the upper ranges of the market— the secutive models fevoured by middle and senior managers rather than on the Escorts, Fiestas, Astras, Cavallers, Metros and Maestros. capital intact no less than it promise that attended its launch eight years ago. Unild, of components and paint-work has shown dramatic im-provement in the past two years. Originally, the SD-1 had the lightalloy 3.5 litre V8 engine of Buick design but it subsequently appeered with an in-line siz-series 2-litre as used in the Princess. Fiestas, Astras, Cavallers, Metros and Maestros.

#### Setting a standard

N/KA

Ford Granada: It is an open secret that Ford's hig car, the German-built Granada, is due for replacement next year. Ford conceived it as the car that would take on BMW and Mercedes and there is much in common between all three makes-rear-wheel drive and all-independent suspension, for example.

The Granada never quite made it in the status race, however, despite some bighly speci-fied (and high priced) 2.8-litre V6 fuel-injected Ghia versions, But it has set a standard in the other manufacturers have envied and for many years it has been the best-selling big

No fewer than 21 Granada No fewer than 21 Granada versions are still listed, from the price-leading 2000L at £7,665 to the £14,331 2800i Ghia estate, Every Granada has power-assisted steering as standard, users expect it, quite rightly, in this size and weight class

class, The 2.3-litre V6 goes well but the 2.8-litre V6 goes better, especially the fuel-injected version with an extra 15hbp (150 against 135 bhp). The seats are excellent, the

fresh-air ventilation efficient, and the equipment ranges from more than adequate to eleborate almost to the point of confusion. Ride comfort is among the best in the class, with the suspension soft enough to soak up the humps without allowing roll to develop on fast corners. The Granada's successor next BMW in-line six-cylinder of 2.5 litres but with redesigned manifolding and other features to give it an elmost diesel-like ability to develop power at low revolutions.

If this sounds like a recipe for a dull car of limited performance, consider this: the 525e's top speed is 115 mph, it accelerates from e standstill to 60 mph in a fraction over 10 seconds and has the same Rover SD-1: The hig Rover betchback is et last fulfilling the promise that attended its launch superb handling and roadhold-ing as any other 5-series BMW. The fuel consumption, if it is driven without any special care, can be in the low to mid 30s, which a sensibly light foot can improve to the high 30s without losing any driving enjoyment.

All BMWs, from the cheapest 316 (at £7,260 it is less than e 1.6 GL Sierra) to the £24,670 735i SE, are of hasically similer design with inding four Princess. The Rover is thus available in 735i SE, are of hasically simuler versions that compete with the design, with in-line four-Granada (and even " posher" cylinder or six-cylinder ohc Sierras) right up to the six. cylinder Jaguars at prices from to 240 to 515.775. E8,340 to £15,775, Few executive-type cars can speed.

match the Rover's versatility as a load carrier. The big tailgate lifts up on to a load floor almost like an estate car's once the back seat has been folded down. Every BMW bas power-assisted steering as standard or optional equipment with the exception of the least expensive model, the £8,645 518 5-Series. All except the 525e heve e phoice of menual or supermitie For so large a car there is a choice of manual or automatic transmission.

For so large a car unere is a curious lack of speciousness in the front, with a massive centre console and, on the passenger's side, a drop-down glove box encroaching upon legroom. The instrument kayout has been much improved from the early models and the out-formund Seets in the 525e, as in all BMWs, are decidedly firm but remain comfortable during long days of driving. The interiors are not conventionally luxurious models and the out-of-round steering wheel is adjustable so that it does not rub on tall driver's thighs. -there is no sign of wood veneer, real or ersatz-but the plastic mouldings fit precisely, the instruments are angled so they may be read without fear Whereas the four-cylinder 2000 and 2.3-litre six give reasonable performance, the really rspid Rovers are the 26of parallax error, and HMW arguably leads its competitors in the practical application of litre six and, especially, the 3.5-litre V8. electronics.

#### Successors due to appear

3.5-litre v8. The mannal 3.5-litre — the gearbox is strong though un-subtle — will show surprising economy if driven with a light foot. There is a 2.4-litre turbo-diesel that feels disagreeably

performance ient, rom BMW 525e: This is the least is typical BMW in that it was m designed to give users excep-st tional economy. Yet it manages n to possess all the virtues that s have made BMW so sought after by the performance minded and status-conscious bayer. The Eta's engine is a standard Mended to the pulse racing to possess a standard The Eta's engine is a standard



power steering and firm but comfortable seats for long journeys



Jaguar XJ6: wood-veneered interior and a top speed of 130 mpb from its 4.2 litre engine.



Renault 25: new to the market, it is aerodynamically efficient and has front-wheel drive

while the 300 is a five-cylinder no different from a new one. diesel. They ride well, though not Family characteristics of the with outstanding comfort, and

with buristanding comfort, and far more tyre noise is heard by the driver than in some rivals. Above the W123 range are the S-Type, which set an inter-national standard of excellence for senior businessmen's trans-port. Below is the 190 model, the smallest car Mercedes-Benz has mallest or more than has made for a generation.

though not et the expense of beadroom or visibility.

#### Lower drag and better ride

Ford Sierra: Alone among Europe's high-volume manufac-turers, Ford decided to retain rear-wheel-drive when planning its new mid-size car, the Sierra. At its leunch two years ego, Ford pointed out that Mercedes-Benz and BMW siso preferred rear-wbeel-drive.

A more controversial feature of the Sierra is the styling. What is beyond doubt is that the Sierra's eerodynamic drag it cruises silently at 100 mph and more if need be.

is lower than that of most rivals, reducing fuel consumption at The new XJ-40 Jagnar, due in less than a year, will find the XJ-6 hard to follow. The XJ-6's urbane performance on the motorway is matched by responsive eltering, massive road grip and near perfect belarce notorway speeds though at the cost of some sensitivity to side winds, as when overtaking speeding juggernaut lorries.

The Sierra comes with much the same engines as were fitted haianc to the Cortina it was designed to replace-four-cylinder units of 1.8, 1.6 and 2-litres capacity and a 2.3 litre V6. The 2.8 V6 is reserved for the XR41 sports But for sheer style, the Jaguar takes a lot of beating, Reliability used to be the marque's weakest feature, but model. The interior layout is attractive; Ford clearly had a good look at BMW before de-signing the Sierra's fascia. Jaguar's efforts to improve quality and standards among The greatest improvement over the Cortina is in ride com-

its component suppliers have paid off. Scientific approach

to economy

over the contraints is in rice con-fort and handling. How does the Sierra compare with its arch-rival, the front-wheel-drive Vauxhall Cavalier? In the lower reaches of the range, especially the 1.6-litre models, the Cavalier is to be Andi 100: If any car epitomises the scientific approach to fuel economy, it is the Audi 100. This large five-seat saloon with preferred for refinement and economy, but the larger-engined Sterras-the 2.3 litre V6s spean enormous boot has the per-formance for which a massive cially—turn the tables. Ford's interiors are micer looking than those of all but the costliest CD 1.8-litte fuelsix-cylinder engine would have been essential a few years ago; and its fuel consumption would have flettered a small family injected Cavaliers, although rear-wheel-drive raises the load

not speed and sheer style 5 Jaguar XJ6: The Jaguar 7 hes its strength end weakness. 8 The 15-year-old body ahape has of just over 2.1 litres. E 8 timeless grace and the wood veneered, leather scented in-terior doesn't even try to look and the second t Audi is exceptionally quiet at high cruising speeds. Perhaps it is this lack of wind roar that By looking at an S-Type and days when motor cars were it is this lack of w a 190 it is possible to get a made individually by hand. makes the tyre run reasonable idea of how the W123 On the debit side, the boot tered on any rou range's successors will appear. is small, the fascia layout owes road surface, all They will be lower and have better aerodynamic qualities, ergonomics and, for a car of Audi's few vices. days when motor cars were it is this lack of wind roar that made individually by hand. I is this lack of wind roar that On the debit side, the boot tered on any roughly-textured is small, the fascia layout owes road surface, all the more more to making than modern noticeable. It is one of the

its size, there is not all that Another is the tendency of much room inside - enough the large areas of windscreen and rear window to attract the sun's heat to the interior. for four people but not for

Financial Times Monday September 10 1984

five. The 3.4 Hitte, 162 bhp twin-ohe six-cylinder engine can feel bard worked, especially if allowed to rev freely in the gears of the five-speed manual model, but the 4.2-litre, 205 hhp engine, of the same basic design, is still one of the world's great power units. The Jaguar 4.2 is no lightweight but a 4.2 automatic (the trans-mission is an aging GM three-speed) — personifies effort-lessness. Top speed is around 130 mph and, more important, it cruises silently at 100 mph The seats are big and firm in the German manner. As the engine is installed so far forward there is little intrusion into the passenger compariment and even by large-car standards the Audi is unusually roomy. For really exceptional economy, the Audi 100 turbo-diesel is almost in a class of its own, returning 40 or more mpg at normal cruising speeds. Audi's 200 model dowing The seats are big and firm in

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Audi's 200 model, derived from the 100, is currently the world's fastest volume-produced big car, with a top speed of 143 mph from only 2.1 litres,

Soon the Quattro system of permanent four-wheel-drive will be used on the big saloon Audis. Making all four tyres share the traction, the Qualtro system almost eliminates the risk of wheelspin on slippery surfac

Petrol consumption does not compare well with that of more modern cars. New on the market

> Renault 25: One cannot say that the Renault 25 is yet a favourite because it is too new on the market, but there are indications that it will become popular with business users. Its appeal is similar to that of the Audi 100 and for the same reasons—it is aerodynamically efficient, roomy, quiet and not thirsty.

Engines of 2-litre or 2.2-litre four-cylinder units or a 2.7-litre V8 with fuel injection. Fivespeed manual or Renault's own three-speed automatic trans-missions are offered and all 25s, except for the basic model, have power-assisted steering. Like all Renaults nowadays, the R25 bas frontswheel dvice has front-wheel drive.

On first acquaintance the R25 gives an impression of being large, comfortable and rather bland, but its virtues grow with mileage. The body is a cross between a saloon and a hatch-back; the rear window lifts up with the backlid, but the with the bootlid, but the very high rear sill disqualifies the 25 from being a semi-estate,

Even so, the back seat folds forward, literally at the touch of a button, trebling luggage capacity. There is nothing traditional about the interior, Unlike earlier Renaults, the 25 bas firm rather than seats but they are particularly comfortable. Although a big car, it handles mimbly and, with power steering, effortlessly.

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We make Engine Cooling Systems. Emission Control Systems. A wide range of motors custom engineered to meet your vehicle requirements. Ride and Suspension Systems. Electronic Level Control Systems including air-adjustable shock absorbers, elec-tronic height sensors and electric air compressors. And Body Systems featuring a complete lina of power systems for door locks, wipers, antennas and more.

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# DELCO PRODUCTS



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# **SECTION II - COMPANIES AND MARKETS** FINANCIAL TIMES

Monday September 10 1984



# Italy geared up for IBM leads U.S. corporate rush large Euromarket borrowing exercises

about Italy.

per cent at present.

#### BY ALAN FRIEDMAN IN MILAN

COULD Italy's successful recent \$500m floating-rate note - the first big international fund raising in the name of the Italian republic - be a harbinger of a jumbo borrowing next year, and the year after, and the year after that?

The feeling in Italian officialdom, as well as among London Euro-bankers, is that with last month'a bankers, is that with last month a republic deal Italy managed to achieve a "bella figura." The terms for Italian borrowers are now tight, the country is viewed as a quality name and is much sought after by foreign bankers tramping weekly through Borne through Rome.

Meanwhile, Italian state agencies are climbing aboard the refinancing bandwagon, seeking slimmer mar-gins and longer maturities. Italy's ability to maintain a low profile in the markets this year - it will in fact close 1984 as a net repayer rather than borrower - also augurs well for what might be round the corner.

What exactly is around the corner? To answer that question one need only consider that about \$20bn, equal to half of Italy's publicsector foreign borrowing, will be maturing over the next four to five years. Put simply, Italy will need to refinance between \$4bn and \$5bn of external debt each year between 1985 and 1989.

Although long-term predictions are hard to make, it seems a fair bet that Italy will be unlikely to generate a current-account surplus big enough to take care of the maturing capital each year. Thus cynics in the Euromarket -

who tend to be right as much as wrong - may view Italy's "model behaviour" as a softening-up exercise for hefty borrowings over the next four or five years. The elements of Italy's "bella figura" are not all con-

spiratorial however: This year, Italy's total Euroborrowings should come to about \$3.5bn, against debt repayments of around \$4.4bn.

ternatives means that good Euro- executed, seem certain.

the fore in the Eurodollar market last week, now that they can make issues direct from their U.S. compaan sovereign names are nies rather than through the Nethtop of everyone's lists.

• Italy's ability to maintain a relatively low profile in the syndicated loan and securities markets abroad vestors' favourite name. It proved has created a certain scarcity value. • The recent financial settlement

ly % point below its 99% issue price. of the long-running Banco Ambro-siano affair has made more than Syndicate managers seem happy that acceptable wording has been 100 Euromarket creditor banks feel drafted for issue documents to proa good deal better about life, and tect investors from the U.S. taxman. Though a standard form has oot yet Added to those important factors

been achieved - and managers is a rising confidence among for-eign bankers in the handling of the IBM to show the way - it seems Italian economy. The Euromarket that most borrowers will be happy does not seem to mind that Italy to promise redemption at par if U.S. has a L96,000bn (\$53bn), public-sec-tax rules require investors' identity tor budget deficit, equal to about 15 to be revealed. Borrowers may have tax rules require investors' identity per cent of gross domestic product the option to "gross up" any back-up (GDP). More relevant perhaps is withholding tax applied as a sanc-the drop in Italy'a inflation rate, tim for failure to report. the drop in Italy'a inflation rate, from 15 per cent a year ago to 10.5 The week also saw three floating

**INTERNATIONAL BONDS** 

rate note deals in the Eurodollar sector - and all lead managed by "The management of the Italian

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economy has definitely improved over the last 12 months," remarks one London-based banker. "The terms which can be forged now for Italy are extremely tight. There is a general feeling that the Italians are getting their act together." B.S. DOLLARS OKI Electric §1 So Italy'a name is riding high. No longer in the Eurobond market is IBM Credit Corp. 1 there the embarrassing 50 to 75 ba-Citicarp 0/S Fig. †(a)‡ Belgium †(b)‡ sis-point premium for Italian borrowers of a couple of years ago. Like it or not, Euromarket bankers J. C. Penney 1 are co-operating with requests from Italian state borrowers such as Enel and INI to refinance. Italian bor rowers in the credit market can now walk tall with a %-% per cent Bank of An split margin over the London inter-General Mills 1 bank offered rate (Libor) instead of the 1/2-1/2 per cent pattern of 12 to 18 Wells Farge ‡ months ago. As for refinancing the \$4bn to

\$5bn of principal falling due each year for the next four to five years, that will still be done largely CANADIAN DOLLARS Denmark 1 through state agency borrowings. But just the same, further graceful • The lack of quality lending al- and successful republic loans, well \* Not yet priced. ‡ Final terms.

BY MAGGIE URRY IN LONDON U.S. CORPORATES were well to Credit Suisse First Boston (CSFB). The first two, for Citicorp and Bel-gium, were selling slowly, but the third, for Bank of America, found favour with the market and gave a erlands Antilles. First in the rush bit of a lift to the others. was IBM - probably the Swiss in-

Floating rate note volume has been mounting again in the last so popular it was doubled in size and still ended the week trading onmonth or so, and some traders fear that the market might be in for a re-peat of what happened in the

spring, when tighter and tighter pricing and indigestion of new is-sues eventually stopped the boom. Bank of America'a deal, which was increased from \$300m to \$400m, did something to restore pricing levels. The same maturity as the Citicorp deal, Bank of America yielded % per ceot over the three-month Londoo interbank offered rate, while Citicorp paid % per cent over the lower level of the mean between three-month bid and offered rate. Total fees on the Bank of America totalled 30 basis points

α.

70

209

100

258

150

100

1999

1987

1996 2084

1991

1984

1999

1996 2864

1991

1989

against Citicorp's 55 basis points. The market for Eurosterling FRNs got another boost with a suc-

Coopee %

31/2

1134

Ve 1/2

12%

(4)

1/2

133/4

12%

123%

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BHF Bank bond average Sept 7 100.017 Provi 99.921 High 100.054 1984 Low 98.056

CSFB's busy week ended with a fore, but with a coupoo a whole point higher, and a 99% price com-The shorter maturity of the Mor-

to sell. But one issue alone of C\$100m - for Denmark - was perhaps too large for the distribution system to cope with. The D-Mark sector cootinued its climb, with prices ½ point higher in places. The stronger New York bood market, and the low level of West German inflation relative to vields, were the main encourage-

ments The trend is less happy in the Swiss franc foreign bond market, with prices unchanged oo the week. The Japanese names attracted

CANADIAN DOLLARS

Maritime Tel. & Tel. 1

Asien Dev. Bank 1

az Met

D-MARKS

GUILDERS

SWISS FRANCS

Pag American S

STEBLING

City of Cop

ECUs

SWISS HANCS EDC of Canada 1 OKI Electric \*\*\$; Bargen Bank \*\*1 Japan Highway \*\*1 Nisshin Spinning \*\*§ Kokuspi Kogyo Ca, \*\*\$; Dan Anationa 5

Benk of Montreal †(c)]

Dept. Posts & TeL of S.A.(d)

(b) over 6-month Libor. (c) over 3-month Lib

Airways announced its convertible

on Wall Street towards the week-

Whether the Canadian dollar sec-

tor can take any more issues for a

while is a moot point. The window

has been open for longer, and more

# Nestlé credit deal dominates market

#### BY MARGARET HUGHES IN LONDON

CORPORATE borrowers have been the \$400m loan signed in 1977 along centre Fage in the credits market the lines of the recent Swedish mul over use past week. By far the big- ti-facility package has attracted a gest deal is the \$2.5bn five-year re-volving credit facility which Cit- UK corporate borrowers for similar icorp has confirmed it is putting to- deals. Citicorp, which is again hangether for Nestle, the Swiss food dling the Britoil renegotiation, said company, to belp to finance its it had received commitments from near-Sihn takeover hid for Carna- six of the banks that participated in tion. Nestle will be announcing full the original loan - all U.S. banks. details of the financing today. Meanwhile, Heron International,

the property and motor services group, has become the first UK corporate borrower to raise funds through a revolving Euronote facility. It awarded the mandate last Friday for a \$50m facility for its finance subsidiary to Orion Royal Bank.

The three or six-month notes will be issued in denominations of will be paid quarterly in arrears to

Acu. litter

YUBIS

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10

81/2 15

Coopen %

131/2

13%

S

8

5% Z%

5 5 /2 2 1/4 2 1/2 5 1/2

٧s

11½ 11%

(d) Coupon reset after three years.

Price

100

991/2

108

109

100

the five underwriting hanks. move to renegotiate the terms of

Amount

58 38

208

158

125 50 50

108

20 49

**m**.

Materity

1994

1994

1992

1994

1989

1991

1994

191

Some of the others, however, are understood to have found the pricing too fine.

Citicorp says, however, that it does not anticipate difficulties io getting sufficient banks in the deal and expects replies from the 14 new hanks it has approached - 13 European and one Japanese - hy the middle of next week.

Elsewbere, New Zealand is un-\$500,000 with a nominal coupon of derstood to have received as many in per cent over Eurodollar rates. as 15 proposals for its anticipated An underwriting fee of % per cent \$1.5hn fund raising, of which only \$250m is expected to be new money, the rest being refinancing of an ear-Bankers report that Britoil's lier \$500m loan that matures in De-

Offer yield

13.588

13.256

8.075

5.375

2.750 6.000 5.500

2.375

cember and a \$750m note facility

Wood Gundy, Soc. Generate Wood Gundy

Load Manage

**Doutsche Bank** 

ARS

SBC SBC SBC SBC SBS CS

SG Warburg

Kradiethank Lox., Privathken, Cop. 11,508

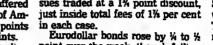
Mate, Yields are calculated on ABO basis

CCF, Baue, Int. Lax., Krediethenk intl.

borrowers have dived through, than when it last let the light in. Last cessful first offering from a Canadi week saw a total of CS180m raised. and the Conservative victory in the an bank - Bank of Montreal. general election should help them fixed rate issue for Morgan Guaranty Trust. Rival managers criticised the pricing - pointing at a Wells Fargo deal launched only hours be-

pared with Morgan Guaranty's par price gan Guaranty deal, and its far superior credit rating were the reasons

behind the lower coupon. Both issues traded at a 1% point discount.



point over the week, though failing Airways announced its to keep up with the stronger trend public issue on Friday,

Load Manant

Yamaichi bet., Fuli led.,

Salamon Bros., CFSB,

Merrill Lynch CSFB, Citicorp Int. CSFB, Kidder Peabody, Mitsabishi

on, Yannichi Inti.

Sees, (Ear), IBJ lad. 12.875 CSFB, Mga, Gear., Deatscie Baok, Salomen Bros., SBCI, UBS Sees. 12.375

Mgn. Stanley, Credit Lyonnais, Man. Hanover, Soc. Gen. de Banque

nt. Fin., Soc. Gen. de Banque

Mga. Stanley, Bque, Paribas

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Bergen Bauk Yamaichi Inti., Deu

CSFB, BoA Int. Goldman Socies, Non

Mgd, Gearanty Salomon Bras.

litsubisti Fia, Intl.

Bankers Trust, New Japan

CSFB

Price

108

9934

109

108

11.05

59% 100

100

100%

\*\* Placement. § Convertible. † Floating rate auto: coupon is spread (a) over 3-month Limean.

321/

# more activity, Pan American World

Offer yield

3.580

11.854

12.750

11.580

11.640

13.432

12.875

12.894

**NEW INTERNATIONAL BOND ISSUES** 

All these securities having been sold, this announcement appears as a matter of record only.



# Royal Trustco Limited (Incorporated with limited liability in Canada)

# £30,000,000 12¼ per cent. Bonds 1989

S. G. Warburg & Co. Ltd. **Amro** International Limited Barclays Bank Group Hambros Bank Limited Lloyds Bank International Limited Samuel Montagu & Co. Limited The Nikko Securities Co., (Europe) Ltd. **Orion Royal Bank Limited** Société Générale Union Bank of Switzerland (Securities) Limited

J. Henry Schroder Wagg & Co. Limited Banque Bruxelles Lambert S.A. Baring Brothers & Co., Limited Kleinwort, Benson Limited McLeod Young Weir International Limited Morgan Guaranty Ltd Nomura International Limited The Royal Trust Company of Canada Swiss Bank Corporation International Limited Wood Gundy Inc.

All these securities having been sold, this annound tent appears as a matter of record only.



# £40,000,000 111 per cent. Bonds 1994

#### S. G. Warburg & Co. Ltd.

**County Bank Limited Barclays Bank Group** Deutsche Bank Aktiengesellschaft Samuel Montagu & Co. Limited **Orion Royal Bank Limited** 

Wood Gundy Limited **Daiwa Europe Limited Hambros Bank Limited** Morgan Grenfell & Co. Limited Société Générale de Banque S.A.

Swiss Bank Corporation International Limited

Alahli Bank of Kuwait K.S.C. Algemene Bank Nederland N.V. Al-Mal Group Amro International Banco Urquijo Hispano Americano **BankAmerica** Capital Markets Group International Ltd Banque Bruxelles Lambert S.A. Banque Nationale de Paris Banque de Neuflize, Schumberger, Mallet **Banque Paribas Banque Populaire Suisse SA** Citicorp Capital Markets Group CEC Commerzbank Compagnie de Banque et d'Investiss CRI Crédit Industriel d'Alsace et de Lorraine Crédit du Nord **Credit Saisse First Boston** Dai-Ichi Kangyo International **Dominion Securities Ames** Effectenbank-Warburg Fuji International Finance trale und Bank der österreichischen Sparkassen International Corp Hill Semuel & Co. E. F. Hutton and Company (London) IBJ International Kleinwort, Benson Lloyds Bank International LTCB International McLood Young Weir International B. Metzler seel. Sohn & Co. The Nikko Securities Co., (Europe) Ltd. Nippon Credit International (HK) Ltd. Nippon Kangyo Kakumaru (Europe) Nomura International Österreichische Länderbank Philips & Drew Nordeutsche Landesbank PK Christiania Bank (UK) Ltd. N. M. Rothschild & Sons Rea Brothers Pic Richardson Greenshields of Canada (U.K.) Rowe & Pitman Sanwa Bank (Underwriters) Scandinavian Bank J. Henry Schroder Wagg & Co. Singer & Friedlander Société Séquanaise de Banque Société Générale Standard Chartered Merchant Bank ao Trust International **Toronto Dominion In** Vereins- und Westbank M. M. Warburg-Brinckmann, Wirtz & Co. Dean Witter Capital Markets Yamaichi International (Europe)

# **INTERNATIONAL CAPITAL MARKETS AND COMPANIES**

### U.S. BONDS

18

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# **Aggressive** actions by Fed confuse

appeared to have emerged, the Schaedle. Mr Braverman Fed's aggressive moves to add argues that the slowing pace of reserves to the money markets the oconomy, the good be-on every business day aince haviour of the monetary aggre-August 30, has triggered a gates and the receotly rein-renewed debate among markot forced strong dollar are all analysts. At base level the debate con-terns the abort-term outlook for such factors may be abort lived. US interest retes and boat mice and proceed by the

cerns the abort-term outlook for such factors may be abort lived. U.S. interest rates and bond Bond prices, depressed by the prices. But it also encompassed wider and longer-term uncer-tainties about the future course buying interest and some of the U.S. economy, credit domand and monetary policy. Tho Fed had been widely started the week in the dold-expected to add rearves at the runs.

atart of September because of

yield 12.78 per ceot.

In the corporate market new

AA industrial 13.50 13.37 Source: Salomon arcs (estometes). Money suppoly: In the week to August 27 Mi fell by \$700m to \$547,1bn from \$547.8bn, Seasonal pressures. Indeed while the Treasury yield curve continued to narrow reflecting the yield differential between the yield differential between the yield differential between the yield differential between three - month and 30 year issuea has narrowed by over 200 baais point to around 150 Despite the Ed's open

Nevertholess, the Fed's open markot activities have injected intervention tho funds rate a new note of uncertainty into continued to trade around the a new note of uncertainty into continued to trade around the the debate. For example, Dr 11.75 per cent level while Henry Kaufman Salomon abort term T-bills rates were Brothers' chief economist, head-lined his latest written com. The differential in tho money lined his latest written com-ments "Funds rate to stay ments "Funds rate to stay market between CD rates and helow 12 per cent" suggesting T-Bill rates continued to narthat the Fed'a recent activities imply it is concerned not to row reflecting an easing of investor concern about bank allow the funds rate to move significantly higher. atahility.

Dr Kaufman also notes that, despito seasonal pressures, the issue rates were unchanged to slightly lower while seasoned Fed's actions suggest that the active corporate prices moved Federal Open Market Com- up by about  $\frac{2}{5}$  of a point on mittee at its August meeting medium ter missue and of decided not to raise the 8 to 12 a point on long term issues. per cent funds monitoring in sharp contrast, to recent In sharp contrast, to recent weeks, there were no new cor-porate issues of straight debt, although the municipal marrange

Others, including Frank Mastrapasqua of Smith, Barney go one stage further suggesting kets remained highly active. that the Fed's actions imply the upward pressure on short-term

NEW ISSUE

# Disney chief ousted in board power struggle

#### BY TERRY DODSWORTH IN NEW YORK

# **Employees in Gulf Oil assets bid**

#### BY CANUTE JAMES IN KINGSTON

BY CANUTE JAMES IN KINGSTON A GROUP of Gulf Oil employ-ees haa reached agreement with the board of Standard Oil of California on tho purchase of tho bulk of tho trading activities involved in the take-over of tho company in March. Mr Herb Goodman, president of Gulf Oil Trading, which has continued to do business in its management buyout. The cost of the assets is believed to be in tha \$3040m range. According to Gulf Oil traders, the deal is being financed hy Oil, a Tapei-based concern BY CANUTE JAMES IN KINGSTON investment hankers F. Eber-statt. An Indian group and a facture and marketing of lubri-tation for integration of Gulf Oil, acquired by Socal for S14bn in a record takeover, is still hy no Mr Herb Goodman, president of Gulf Oil Trading, which has continued to do business in its management buyout. The cost in tha \$3040m range. According to Gulf Oil traders, the deal is being financed hy Oil, a Tapei-based concern the management being financed hy Oil, a Tapei-based concern the new owner. By Canut Parker of the assets is being financed hy Oil, a Tapei-based concern activities in the deal is a 51 activities in the deal is a concern the new owner. Actor of the set of the take of th rums. By the close on Friday, how-ever, tho market had turned around—without however, much aign of retail buying. The Treaaury long bond closed is higher at 100 is to yield 12.42 Per cost while the Treamer per cent while the Treasury five-year bond closed at 99il to

Senior posts at Thomson

Group Chills rates were basis points lower ial in the money een CD rates and continued to nar-g an easing of cern about bank orate market new ere unchanged to r while seasoned it of a point on missue and of mg term issues. Outrast, to recent were no new cor-of straight debt. Multicipal mar-ced highly active. Paul Taylor

These Notes having been sold, this announcement oppears as a matter of record only.

Directors' individual expo-sure is subject to the same 15 per cent limitation as that imposed on any single ohligor, taken to include an individual and close members of his family, or in the case of cor-porate customers, other group companies where there is management infinence or controi of 20 per cent.

next month.

approach.

Bahrain

to bank

directors

By Mary Frings in Bahrain

THE BARRAIN monetary

agency (BMA) is to impose legal limits on the amounts locally incorporated banks lend to their directors. It is also to restrict loans to single

The BMA does not intend

amenic nation of the second se

within two years, the BMA would adopt a very flexible

Facilities to directors of a

curbs loans

# **Alusuisse recovers** as output improves

#### BY JOHN WICKS IN ZURICH

ALUSUISSE, the Swiss alu- utilisation has improved to 85 minium group expects a satis- per cent compared with 71 per factory year's result for 1984, cent in the first half of last according to an interim report. year,

Accurating to a substan-Cash-flow increased substan-tially in the first half and for dono well. Its sales rose by 1984 as a whole will show a 15 per cent to SwFr S00m. marked improvement on 1983. Turnover of tha American auto-motive parts subsidiary, Mare-mont went up 18 per cent to motive parts subsidiary, Mare-mont, went up 18 per cent to SwFr 500m. The engineering division, which is still struggling against sluggish capital invest-ment, could only maintain sales at SwFr 100m. Alusuisse, which has run up heavy losses in recent years, managod to reduce its deficit for 1953 to SwFr 83m. against turnover was up 14 per cent to SwFr 4.2bn (\$1.69bn) or by 12

horrowers or entitles, to avoid concentration of risks. The limits come into force from per cent in terms of local curren-cies. Sales by the aluminium division profited from hrisk de-mand and better selling prices, to put nuwarranted pressure on borrowers in an already difficult husbess elimate, it rising by 14 per cent to SwFr 2.7bo.

into use.

With the exception of the 1983 to SwFr 82m, against plant in Tennessee, smelting SwFr 179m in 1982. It has capacity which has been idle already forecast a return to has been gradnally taken back some kind of a profit for the Smelter capacity current year.

# \$16m offer for NZ Press

#### BY OUR FINANCIAL STAFF

bank collectively should not exceed 30 per cent of the bank a capital and reserves, whether such facilities are THE NEW ZEALAND Press NZPA and is in turn 40 per Association (NZPA), the nat-ional news agency, has received ments, one of New Zealand's a takeover bid from one of its biggest and most divorsified secured or ansecured. Directors' individual expocompanies. owners the publishing group, New Zealand News,

owners the publishing group, New Zealand News. NZN, the higgest single Reuters Holdings. Reuters, shareholder in NZPA, said its whose profits have grown offer valued the agency at substantially in recent years, NZS33m (\$16.5m). NZN beide 26 per cent of June NZN holds 26.9 per cent of June.

(ENDE) of Morocco. a position be held betweeo 1972 and 1977. • NATIONAL CAN CORPORA-TION. Chicago, has elected Mr Jack H. Turner seoior vice-presi-deot-international, Since joioing Natiooal Can in 1969 as assis-tant controller, Mr Turner has served the company in several positions, mostly recently as vice-traits of Kemper Corporation. Electronics, Inc., Ambac Indus-tries, Inc., and Rockwell Inter-national Corporation. • Mr John R. "Jack " Bolin will be the new president and chief executive of EATEMAN Securities brokerags and a sub-adiary of Kemper Corporation. • Mr Timothy Reath, president inc., a major Los Angeles-based • Mr Timothy Reath, of the National Association of Inc., a major of Kemper Corporation. EICHLER, HILL RICHARDS Inc., a major Los Angeles-based securitles brokerags and a sub-aidiary of Kemper Corporation. He bas been serving as executive vice-president of A. G. Edwards & Sons, Inc., St. Louis. Mr Bolio will succeed Mr John H. Gold-smith, who has been acting as interim chief executive officer of Bateman in addition to his duties as president and chief executive officer of Prescott, Ball & Turben, of Cleveland, another Kemper-affiliated securitles firm. and Japan. Bateman in addition to his duties to JIE Inc.'s board of directors, assumes overall responsibility porato vice-preaident. Mr Hess has also assumed direct opera-tional responsibility as president of Triplett Electrical Instrument Corporation, a Bluffton, Ohio beadquarters, wholly - owned subsidiary of Penril Corporations, Mr Prior to joining Penril, Mr Hess held executive positions with Murata-Erie N.A., Kustom

managing director of Marsh & McLennan, has joined JARDINE INSURANCE BROKERS INC. as the security officer of the as chief executive officer of the firm's eastern division, head-quartered in Naw York. Mr Reath, who has also been elected to JIB Inc.'s board of directors,

# FT INTERNATIONAL BOND SERVICE

U.B. DOLLAR Change on day week Yield leaund Bid Offer

Sweden Kingdom 5% 94 125 1101 101% +0% 0 Tauatrikraftwarke 5% 94 100 1100 100% +0% +1 Tobu Railway 4 92 WW 100 195% 95% +0% 0 Tobu Railway 4 92 XW 100 195% 97 +0% 0 EUROBOND TURNOVER 2.59 5.48 4.67 2.20

(nominal value in \$m)

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Cedel

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and chief operating officer of Thomson S.A.

and chief executive of BANQUE NATIONALE POUR LE DEVE-LOPPEMENT ECONOMIQUE

INTERNATIONAL APPOINTMENTS

will contioue to be responsible for the international divisioo'a 13 plants operation to England, West Germany, italy, Spain, Irelaod, Cyprus, Puerto Rico and Japan.

and Japan.

Mr Noel Gontard, president

served the company in several positions, mostly recently as vice-president - international, He

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reeds Mr Starck as head of the electronic composents branch. MEDEX INTERNATIONAL CORP, has promoted Mr Donald L. Shovein to president and chief executive and to the hoard. Mr David H. Dingus, vice-presi-dent and chief financial officer, has also been appointed to the board. Medex international, a travel assistance and claims administration company, has its headquarters io Dallas, Texas. Mr Mustapha Faris, former Moroccan Minister of Finance and former vice-chairman of Banque Arabe et Internationale d'Investissement (BAII), has been re-appointed as chairman

tive vice-presidents, wero respectively chief executives of Thomson-CSFa equipment and systems and electronic com-ponents branches. In their capacity as senior vice-presidents of Thomsoo-CSF, they will jointly head the oquipment and systems hranch. Mr Noels, who was manager of Thomson-CSFa semiconductor operations, suc-reeds Mr Starck as head of the electronic composents branch.

SEPTEMBER 1984

<section-header><section-header><section-header><section-header><section-header><section-header><section-header><text></text></section-header></section-header></section-header></section-header></section-header></section-header></section-header>	STRAIGHTS       lequed       Bid       Offer       ary weet Yield         Alaske Housing 114, 94       100 $55^{\circ}_{2}$ + $6^{\circ}_{4}$ + $10^{\circ}_{5}$ - $12^{\circ}_{2}$ + $22^{\circ}_{5}$ American Savings 12, 89       128       944       955       954       + $0^{\circ}_{5}$ - $0^{\circ}_{5}$ + $122^{\circ}_{5}$ American Savings 12, 89       120       1002*       102*       + $0^{\circ}_{5}$ - $0^{\circ}_{5}$ + $0^{\circ}_{5}$ + $0^{\circ}_{5}$ + $0^{\circ}_{5}$ + $113, 22^{\circ}_{5}$ Austrian Rep. 13*, 82       100       102*       100*       + $0^{\circ}_{5}$ - $0^{\circ}_{5}$ + $13, 22^{\circ}_{5}$ Coastlad Int, 12*, 88       125       945, 975, + $0^{\circ}_{5}$ + $0^{\circ}_{5}$ + $13, 22^{\circ}_{5}$ Coastlad Int, 12*, 88       125       945, 975, + $0^{\circ}_{5}$ + $0^{\circ}_{5}$ + $13, 21^{\circ}_{7}$ ONC 114, 91       100       955, 954 + $0^{\circ}_{5}$ + $0^{\circ}_{5}$ + $13, 21^{\circ}_{7}$ ONC 114, 91       100       954, 955 - $0^{\circ}_{5}$ + $0^{\circ}_{5}$ + $13, 42^{\circ}_{7}$ Denmark Kgdm, 14 91       100       100*, 104*, + $0^{\circ}_{5}$ + $0^{\circ}_{5}$ + $13, 42^{\circ}_{7}$ Denmark Kgdm, 14 91       100       100*, 104*, + $0^{\circ}_{5}$ + $0^{\circ}_{5}$ + $12, 28^{\circ}_{7}$ Denmark Kgdm, 13, 91       75       120^{\circ}_{7} + $0^{\circ}_{7}$ + $0^{\circ}_{7}$ + $12, 130^{\circ}_{7}$ Bill 12*, 90       100       955, 954 + 0^{\circ}_{7} + $0^{\circ}_{7}$ + $12, 128^{\circ}_{7}$ </th <th>Taumturative and 22 Set with 100 195% 95% - 00 4.67         Tobu Railway 4 92 XWV 100 195% 95% - 00 0 4.67         Tobu Railway 4 92 XWV 100 195% 95% - 00 0 4.67         Transcanado Pipe 5% 92 100 195% 95% 0 - 04% 5.72         World Bank 6% 94 200 195% 95% 0 - 04% 5.72         World Bank 6% 94 200 row week 0         Change on         YEN STRAIGHTS       Issued Bid Offer day week 71eld         Asian Dev, 8k. 7k 94 15 99 59% - 0% +0% 7.48         Eurofime 7% 94 10 100 100% 0 - 0% +0% 7.48         World Bank 7 94 20 95% 96% 0 +04% 7.48         Average price changes On day -0% on week +0%         World Bank 7 94 20 95% 96% 0 +04% 7.48         Average price changes On day -0% on week +0%         Change on         OTHER STRAIGHTS       Issued Bid Offer day week Yield         A. Indoeuea 14 91 CS 75 1100% 100% 0 +0% 13.83         Artocauea 14 91 CS 75 1105% 97% 0 +0% 12.63         Canado, Oc. 12% 99 CS 00 196% 977 +0% +0% 12.63         Canado, Oc. 12% 99 CS 50 196% 977 +0% +0% 12.63         Canado, Oc. 12% 99 CS 50 196% 977 +0% +0% 12.63         Canado, Oc. 12% 99 CS 50 196% 977 +0% +0% 12.63         Canado, Oc. 12% 99 CS 50 196% 977 +0% +0% 12.63         Canado, Oc. 12% 99 CS 50 196% 977 +0% +0% 12.63         Canado, Oc. 12% 99 CS 50 196% 977 +0% +0% 12.63         Canado, Oc. 12% 99 CS 50 196% 977 +</th>	Taumturative and 22 Set with 100 195% 95% - 00 4.67         Tobu Railway 4 92 XWV 100 195% 95% - 00 0 4.67         Tobu Railway 4 92 XWV 100 195% 95% - 00 0 4.67         Transcanado Pipe 5% 92 100 195% 95% 0 - 04% 5.72         World Bank 6% 94 200 195% 95% 0 - 04% 5.72         World Bank 6% 94 200 row week 0         Change on         YEN STRAIGHTS       Issued Bid Offer day week 71eld         Asian Dev, 8k. 7k 94 15 99 59% - 0% +0% 7.48         Eurofime 7% 94 10 100 100% 0 - 0% +0% 7.48         World Bank 7 94 20 95% 96% 0 +04% 7.48         Average price changes On day -0% on week +0%         World Bank 7 94 20 95% 96% 0 +04% 7.48         Average price changes On day -0% on week +0%         Change on         OTHER STRAIGHTS       Issued Bid Offer day week Yield         A. Indoeuea 14 91 CS 75 1100% 100% 0 +0% 13.83         Artocauea 14 91 CS 75 1105% 97% 0 +0% 12.63         Canado, Oc. 12% 99 CS 00 196% 977 +0% +0% 12.63         Canado, Oc. 12% 99 CS 50 196% 977 +0% +0% 12.63         Canado, Oc. 12% 99 CS 50 196% 977 +0% +0% 12.63         Canado, Oc. 12% 99 CS 50 196% 977 +0% +0% 12.63         Canado, Oc. 12% 99 CS 50 196% 977 +0% +0% 12.63         Canado, Oc. 12% 99 CS 50 196% 977 +0% +0% 12.63         Canado, Oc. 12% 99 CS 50 196% 977 +0% +0% 12.63         Canado, Oc. 12% 99 CS 50 196% 977 +
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Union Bank of Switzerland (Securities) Limited S.G. Warburg & Co. Ltd.	Credit Foncier 8 94 120 1100% 101 0 +0% 5.88 Electric Power 5% 94 100 1100% 100% +0% +0% 5.70 Earstom 6% 94	Ono Pherm. Co. 34, 96 3/84 3490 1127 128 0 34.78 Oriani Leasing 55, 88 6/83 3490 1222, 1223, +03, -4.10 Secom 5 38
Westpac Banking Corporation	Asian Oso, Bank Bi, Bi       100       1001, 1011, -01, 0       3.02         Canada Si, S2       200       1100, 1001, 1001, -01, 0       3.02         Canada Si, S2       200       1100, 1001, 1001, -01, 0       5.14         Canada Si, S2       200       1100, 1001, 1001, 0       0       5.32         Canada Factor Sis Sis Sis       34       200       1100, 1001, 0       0       4.66         Cradit Fonciar Sis Sis Sis       34       200       1100, 1001, 0       0       4.68       5.70         Electric Powar Sis 94       100       1100, 1001, 0       100, 100, 0       0.03, 100, 0       5.70         Earstorn Sis S2       90       1100, 1001, 101, 0       0       8.38       5.70         GO Int. 61, Sis 2       70       1102, 1021, 0       0       8.39       5.71         GO Int. 61, Sis 2       100       177, 973, 0       0       5.78         Jacon Highway Si 92       150       1971, 973, 0       0       5.78         Jacon Highway Si 92       100       11001, 1004, 1004, -2       -24, 8.02         Jacon Highway Si 92       100       11021, 1022, -04, -03, 5.43       Matittrak Si 54       55       100       1004, 1004, 102, -02, -04, 5.43         Jacon	Alinomoto 3 99

U.S. S bouds Last week ... 10.827.0 21,0364 7.48 7.33 7.45 7.51 day week -0's +0's 0 -0's -0's +0's 0 +0's -0's -0's Previous week 8,123.2 19,669.3 Other bonds 1,172.6 Last week ... 1,172.6 1,004.9 Previous week 1,230.9 1,368.1 week Yield +0% 13.83 +0% 12.63 +0% 12.63 +0% 12.63 +0% 13.39 0 13.17 +0% 12.76 +0% 12.61 +0% 12.61 +0% 12.61 \* No information availableprevious day's price. † Only one market maker supplied a price. STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units 1+100000 except for Yen bonds where it is in billiona. Change on week= Change over price a week earlier. 7.82 7.54 8.56 2.14 7.75 5.10 FLOATING RATE NOTES: Denominated in dollars unless 12.17 -0% 11.99 -0% 12.10 -1% 12.12 otherwiso indicated. Coupor shown is minimum. C.dte=Date shown is manning to be a sective. Spread = Margin above six month. offered rata (t three-month; § above mean rate) for U.S. dollars. C.cpn = Tha current coupon. C.yld = The current -04, 11.97 -07, 11.42 -1 12.57 -14, 12.09 -04, 11.52 +04, 11.56 -04, 12.30 -04, 12.33 -04, 12.06 -04, 10.22 coupon. yield. CONVERTIBLE BONDS: De-nominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First dats for conversion into shares. 1 314 Offer C.dts C.con C 1984, 995, 15/5 01.51 981, 994, 11/10 11.13 1994, 995, 18/2 127; 100 1005, 27/10 11.13 987, 987, 100, 10/2 114, 1987, 985, 299 10.56 987, 985, 299 10.56 987, 984, 10/2 114, 100 1003, 14/12 12, 954, 984, 984, 10/11 12, 954, 984, 297, 114, 100 1003, 14/12 125, 103, 984, 18/10 11.31 994, 994, 984, 10/11 12, 994, 994, 11/8 11 103, 994, 18/10 11.31 104, 994, 994, 11/6 10.56 994, 1004, 11/8 11 105, 1004, 11/8 11 105, 1004, 11/8 11 105, 1004, 11/8 11 106, 1004, 3/21 134, 106, 1004, 3/21 134, 106, 1004, 12/12 125, 100 1004, Cnv, price=Nominal amount of bond per share expressed in currency of ahare at conversion 11.31 bond per share expressed in currency of ahare at conversion rate fixed at issue. Prem=Per-centage premium of the current effective price of acquiring ahares via the bond over the most recent price of the ahares. The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over tho past week were supplied hy: Kredlet bank NV; Credit Commercial de Fraoce; Credit Lyonnais, Com-merzbank AG; Leutsche Bank AG; Westdeutsche Landesbank Gironzentrale; Banque Generalo du Luxembourg SA; Banque Internationale Luxembourg: K redlet h an k Luxembourg: Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Biyth, Eastman, Pain, Webber Inter-national; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa 11.18 12.34 11.43 10.67 11.30 11.58 10.21 13.20 10.76 12.47 12.59 Credit Commercial de France (Securities) London; Daiwa Eurnpe NV; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ



International; Kidder Peabody International; Long Term Credit Bank; Merrill Lynch; Stanley International; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Sociate Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Swiss Bank Carporation Transmissional: Wood Condy.

International; Wood Guady **Closing prices on September 7** 

# MANAGEMENT

" IN THIS plant we have proved that it is possible to take a 30-year-old facility and transform it into a competitive new unit and we have also abown that you can take a labour force with a strong union that resisted change and convince it that change is necessary."

1947 - 10 1984

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All around Ray Rissler, manager of the modernisation project at General Electric's dishwasher plant at Louisville, Kentucky, one of the show-pteces of modern-day U.S. factory design engineering is factory design engineering is humming away to the smooth rhythms of a largely antomated production line. It is a rhythm that is currently tapping out dollars in abundance for GE, as the combination of increased market share and an expanding domestic economy bring back memories of the industry's peak year back in 1973. Superficially, the Louisville plant is just another example of U.S. industry getting to grips with up-to-date, robotised pro-duction systems. But like several other U.S. factories that have risen anew on the founda-tions of the mature old manu-

have risen anew on the rounda-tions of the mature old manu-facturing industries over the very recent past, it also repre-sents a renaissance in U.S. methods and productivity. The methods and productivity. The launch of the new disbwasher plant has been accompanied by a quantum leap in productivity and what amounts to a revolu-

and what amounts to a revolu. Sive reminder of the company the entire Louisvi tion in quality. In virtually every household in which embraces a With the same number of America," says Rissler. products, have workers as before the change. GE also saw that to survive 400,000 man hour over, the plant now produces 25 as an effective force it had to less than 50,000. per cent more units a year (a improve both quality and pro-ductivity force it had to on the production. per cent more units a year (a difficult number to quantify, since GE does not release the figures, but it is probably around 600,000), giving the group about 30 per cent of the market. As far as quality is concerned, Rissler says the plant has delivered virtually a 10-folo improvement as measured by customer complaints in the first year of warranty.

Mirroring similar developments at companies as diverse as John Deere, the agricultural as Joint Deere, the agricultural equipment company, or TRW, the motor components group, GE has gone about this meta-morphosis in a wey that sup-ports the view that U.S. indus-trial management is beginning to tackle the sluggish produc-tivity growth which has plagued U.S. industry for the part U.S. industry for the past decade at least,

General Electric of the U.S.

# **Turning the** old into a dynamic new

Terry Dodsworth reports on how the major

U.S. industrial and electronics group transformed an ageing plant into a showpiece of factory design engineering

like Westinghouse, however, project has thus heen much less GE decided to stay. "Our name bothered by disputes than on home appliances is n perva-sive reminder of the company in virtually every household in America," says Rissler. GE also saw that to survive 400,000 man hours a year to the sat the past-survive 400,000 man hours a year to the sat the past-survive 400,000 man hours a year to the sat the past-survive 400,000 man hours a year to the sat the past-survive 400,000 man hours a year to the sat the past-survive 400,000 man hours a year to

as an effective force it had to Improve both quality and pro-ductivity. These objectives were partly prompted by the market environment, which had become steadily tougher with the development of the buying power of the expanding retail chains. But they also derived indirectly from the threat of Japanese competition,

"Because women are going apparently beyond the reach of out to work more, they have automation. become much less tolerant of The solution, he says, breakdowns and the need for occurred in a flash one day servicing," says Rissler. At the when a GE team was visiting a same time, the market had been plant in Japan and noticed that foray of the Japanese electrical companies into the television

well, Because the dishwasher divi-sion is a relatively small one, it revolutionary material, a was able to go for a radical— and risky—method of reorganis-which virtually did away with decade at least, The change in the plant goes back to 1979, when GE, faced with the intense pressure on appliances, was asking itself if the vanted to continue at all in sector. It was not an the sort on which GE wanted to commentrate, although the com-pany's expertise in control advanced by mathematical because the dishwasher divi-sion, is a relatively small one, it soin, is a relatively small one, it mathematical in the plant, the product line and the production process. this sector. It was not an Helped, perhaps, by the damp-obvious high-technology area of eating effect of the recession on mion activity, along with a longer-term plan to improve labour relations, the normally mathematical advanced militant workforce came into mechanisms and advanced militant workforce came into washer design, "In dishwashers we did what don't think there is any ques-manufacturing techniques had the discussions early and threw It also created a concept we had to do to remain ahead tion that there is now a major obvious applications in it, Un- its weight behind the plan. The around which to organise the even though we did not change going on."

puting power. Hewlett Packard will there

terminals.

plant, since it led the GE engin-eers towards the standardisation of the basic washing-tuh. By simplifying the design at this point, the company was able to

On the production side, the accelerated. At the beginning of the production line, plastic problem was one that baffled engineers had tried to solve for pellets are fired into injection moulds and formed under intense beat and pressure into the weight-bearing tubs. They two decades, according to Rissler. Because of the large range of machines manufactured by the company, the then meander round the plant assembly process was neces-sarily complex and required a degree of human dexterity on the robotised assembly lines to emerge as finished machines in an average of 18 hours. Before the change, the machines were much heavier, were made of more parts, and took around

six days to get through. Raw material and inventory costs same time, the market had been plant in Japan and noticed that educated by Japansee products all the manufacturing processes to demand better quality; and which introduced elements to GE had good reason to believe differentiate products from one that after the highly successful another had been nucled to the have thus been reduced from around \$9.5m to \$3.9m, despite differentiate products from one another had been pushed to the end of the line. Using this the higher rate of output, GE admits that the impressive statistical results of these \$38.6m of changes have not companies into the television nrinciple, GE was able to go and audio field, they were back and redesign the entire lining up kitchen products as plant and the whole product been exposed to the criteria of Japanese competition, now re-garded as the iron test of U.S. technology. But its next step will be a \$200m investment in

its refrigeration business, where its ability will be directly measurable against the Japanese; Sanyo has estab-lisbed a plant in California, and GE believes that the Japanese steel in the construction of the central washing tub. Invented by its own research and development team, and already proved in an earlier range of up-market disbwashers, the new material — Permatuf — pro-vided the base for the new dish-

absolutely need to do it," says Roger Schipke, senior vice-president, " But in refrigerators we know that we have to he competitive on a world class automate a vast part of the manufacturing process, As a result, the manufactur-ing process has been enormously moment thet we can go into the lead."

> No-one pretends that GE is totally representative of the rest of U.S. industry. Indeed, the company's return on equity of acound 18 per cent puts it right at the top of the U.S. league table—and the dishwashers do better than that. And at the same time, it has the research. and development resources to have been able to inject totally new technology into what was becoming a commodity husiness. Nevertheless, the company's

The relationship hetween teaching metbods and learning teaching methods and learning skills will be illustrated and, with a view to developing a broader approach to teaching in industry, a list of dos and don'ts has been devised to assist instructors. The list is now being used by MSC instruc-tors on Youth Training Schemes moves in the disbwasher plant are indicative of the new, far more realistic mood which is now rippling through U.S. manufacturing industry, and which could make it a more competitive animal than it has been for years.

Schemes. "The difference between now and the 1970s is that we have been able to focus ourselves on of industries to examine train-ing strategies. It is anticlpated the external world," says Schipke. "In the 1970s, we were driven as an industrial nation by UWIST that heavy indus-tries, assembly plants and highby small incremental changes in which we measured ourselves tech businesses will be involved and eventually it bopes that by where we were the month or the year before, rather than where we were in the world. I don't think there is any quesbasic vocational skills courses emphasising the "learning to learn" approach will be beld for the long-term unemployed.

# A direct form of direct marketing

BY DAVID CHURCHILL

CHRISTIAN BRANN, 1he gurn of direct marketing and the man who helped put the Readers Digest on the map in the UK, helieves in practising what he preaches. Having just retired after 17 years of run-ning his own direct marketing ageocy, he has not only produced his own collected tboughts on the subject in hook form, with the help of a word-processor, but is also sciling the book solely by direct mail.

"It's not really much of a gamble to sell it myself," he says, "After all, if I can't do it with all my experience, who can?"

Moreover, hy producing the hnok himself for a few pounds per copy and selling it for £18.50 tplus £1.50 postage), he can afford to spend up to £10 selling each copy of the hook and still make a hand-some profit. "No publisher can afford to spend so much and certainly nu retailer is as motivated as I am to sell copies," he admits. Even sn, he has aimed part of his selling campaign at the hook trade to supplement sales by post.

# Scathing

Brann is rather seathing in his hook abont the limits to conventional retailing in Britain, arguing that many retailers are too passive: "Relailers should he much more concerned with going out and actually selling," he chides. In fact, the development of direct marketing techniques in the UK means that sales through lraditional retail outlets are slowly decreasing as a proportion of consumer spending, while sales through other outlets are increasing. Abonl 9 per cent of all notfood retail sales in Britain go through the mail now, claims Brann,

Yet he is equally critical of the way in which British companies treal direct mar-keting. "It suffers from the fact that il can be practised by almost anyone, apparently withont any form of training or experience," he points

ont. "The need for expert willing, design and produc-tion in direct mail is not as obvious as it is in display selling or in the production of television commercials. As a result, direct marketing standards are often poor and the industry's reputation suffers,

Brann believes that direct markeling should be used in conjunction with standard sales methods—such as using direct mail techniques to help a salesman get past a recep-tionist. He is also convinced that the opportunities for selling products hy post are almost limitless. Who would have thought only a few years agn that some 2m Sinyears agn that some 2m Sin-clair computers would be sold by post?" he asks. The case studies in his hook in-clude the way in which London Bridge was sold to the Americans with the aid of a direct mail campaign. Perhaps understandably Brann helieves that advertis-Ing agencies aren of the best prople to put in charge of direct marketing campaigns. "They lack the specialists with creativity." he savs. "Advertising agencies also tend to be against direct mar-keting hecause they do not get their usual commission from it !" ing agencies aren of the best

Brann's direct marketing skills have tended to ruh off on his family. His daughter, Sosic, is an actress in "Dalsy Pulls it Off" in the West End ann keeps berself in work long term by regularly send-ing mailing shots — with stamped, addressed envelopes -to theatre managements, rep compaoies, television companies, and anyhody clse connected with showbusiness. His son, David, who is managing director of Bentley's Oyster Bar In London, also uses direct mail shots lo keep the reslaurant full and is supporting the launch of a new wine bar chain with direct mail.

\* Cost-effective Direct Morket-ing by Christian Brann, price £18,50 plus £1.50 postage and packing, from Collectors' Books, Bradley Lodge, Kemble, Circencester, Glos. (Telephone 0285 77239.)

IUUyears

EDITED BY ALAN CANE

to £1,000.

hospital

Treatment with a laser

That does not incide the price of the laser 1£15,000 to £30,000) and a colposcope or

adapled microscope (about

£5,000) through which the physician examines the cervix.

As an alternative to apply-ing heat, doctors can freeze

the tissue using cryosurgery. A further method is to heal

np the ceils lo abont 400° C

with electrocautery — this

requires an anaesthetic and a

spell nf several days in

Of the winner who have

positive smears, anywhere between 40 per cent and 80

per cent may require destruc-

tion of tissue. This is because

the cervix contains cells that

are cither cancecous or are

Doclors suggest that, in hospitals where lasers or

devices such as cold coagula-

tors are available, only one in

10 of the women who require treatment need a cone hiopsy.

to justify the purchase of a laser through NHS funds.

Hence the trend in which

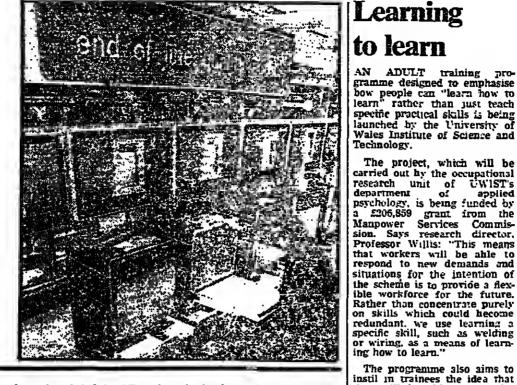
by appeals to the public.

hospilals taise cash for lasers

Many hospilals are unable

likely to become malignant.





19

Book review

# **OFFICE SYSTEMS Hewlett-Packard and** business computing

TECHNOLOGY

HEWLETT PACKARD, still capacity to grow later on. It intent on moving away from will also appeal to larger its "scientific" image and organisations moving away making a bigger impact in the from the "single mainframe" office automation market, has approach and wishing to introduced a £16,000 business further distribute their commaking a bigger impact in the office automation market, has introduced a £16,000 business machine, the HP3000/37, that will support up to 28 users. In bulk purchases, the price can drop to as little as £12,000. For many years the company has been associated with rela-

has been associated with rela-tively expensive computers for use by the scientific and engineering communities. The change in direction started last year when the company launched a personal desk-top machine. Since then it has been actively broadening its hori-

The processor itself is not much bigger than two shoe boxes placed side by side. With the neccessary disc and cart-ridge tape drives and input/ output panel, the hardware occupies no more space than a two-drawer filing cabinet.

Hewlett Packard currently has about five per cent of the for terminals and peripherals. small business systems market, Software is available for most which is growing faster than most computer industry segwhich is growned industry seg-ments at about 35 per cent per annum. It already has some 15,000 earlier HP 3000 models Installed world-wide. The new Series 37 machine is aimed at businesses with turnovers in the £2m to £12m hracket which need several traitially with





MEDICAL EQUIPMENT

# **Doctors argue over** laser treatment

company has sufficient ex-perience of the market in Japan

in this field to make a tough

the devices by learning to skin

competitor.

#### BY PETER MARSH

fore be in competition with similar machines offered by such companies as IBM, DEC, Wang and Data General. A special program has been A DISAGREEMENT over high-

devised specially to address the IBM market. Called Transform 34, it is designed to convert IBM System 34 report program generator (RPG) users to run in full compatibility on the HP3000/37. Then, aays HP, the user will be nhle to take advantage of the growth facilities of the 3000/37, which fully extended can accommodate 400

Technically, the basic machine has 512 kilobytes of main memory, a 55 megabyte disc drive, a cartridge tape drive and six connection ports business applications including electronic mail, word process-

a beam of high-energy light onto the relevant part of the cervix, or neck of the womh. The radiation destroys the cells this ailment (see box). by vapourising water that forms the bulk of human tissue.

The medical dispute is Similar hardware is used in industry, for example to cut or unlikely to be settled

for a couple of years.

The leading champion for the

industry, for example to clut or aolder pieces of metal. The medical dispute is unlikely to be settled for a couple of years, when two teams of doctors, in Edinburgh and Cambridge, finish detailed research to compare the laser and comparison techniques

cold coagulator, which despite and cold-coagulator techniques. its name destroys tissue by heating it to 100 deg C, is Dr Ian Duncan of Ninewells Hos-pital in Dundee. Dr Duncan, who has used a cold coaguialor Meanwhile, manufacturers of lasers for bospitals will be looking on anxiously. About 60 British hospitals use lasers in gynaecology, according to a since the early 1970s, suggests that the "high tech" image of lasers may have lured some doctors to prefer the machines to less glamorous medical bardgynaecology, according to a recent survey by the British Society for Colposcopy and Cervical Pathology. Fewer than half this number have cold

coaguiators. In recent years, hospitals have increasingly purchased lasers. Gynaecology depart-ments are the biggest users, Dr Duncan treats for cervical disorders about 400 new patients a year, some 90 per cent of them with a cold followed by doctors in areas such as eye surgery and treat-ment of ailments affecting the coaguiator. ear, nose and throat, In most cases, the hardware

from the operation.

acts as a substitute for a sur-geon's knife. A laser can cut out an area of tissue with great precision and with little letting of blood. The procedure reduces enormously the time taken for the patient to recover

In bospitals, a laser is guided do sometimes go overboard for

ofhospitals'gynaecologydepartments.The dispute could affect salesthe devices by learning to skinbridge has starten a studyThe dispute could affect salesMost of the carbon-dioxidestudy to compare the twoof lasers in hospitals, a fastMost of the carbon-dioxidestudy to compare the twofor medical equipment. Theargument is between two groupsMost of the carbon-dioxideAdvocates of lasers argue thatfor medical equipment. Thegynaecology have been suppliedadd gives results that can beof doctors—one of which saysthe U.S. In the past year, twoThey say the coagulator is aby two companies, Laser Indus-more accurately.women, precancerous lesionsBritish companies bave"glorified red-hot poker" whichwomen, precancerous lesionsBritish companies that appear on the cervix.British companies of Harpenden, whichon the other side arephysicians who argue thatMedical of Harpenden, whichhasers, which cost £15,000 ormore, are unnecessarily refnorMatt University, andis that destroy tissue by heating itthe dispute in the gynae-Mr Mike Emens, a aurgeon atthat destroy tissue by heating itthe dispute in the gynae-Mr Mike Emens, a aurgeon atthat fasts, a doctor focusesIn Britain, about 20,000 womenan anaesthetic.that destroy tissue by heating itmore, are adoctor focusesin Britain, about 20,000 womenthat destroy tissue by heating itmore, are adoctor focusesmatter accuse parally apply both thethat destroy tissue by heating

In Britain about 20,000 women an out-patients' clinic without a year receive treatment for an anaesthetic.

Mr Emens says he used a cold coagulator for a year hut abandoned it after complaints. At least balf the women on whom the technique was applied

Wishap, a company in Munich. The device, invented in the 1960s by Professor Kurt Senn, a German doctor, applies heat to tissue with two or more probes. A small box of electronics

feeds electricity to small Terion pads at the tip of the probes. A physician holds the probes for up to 40 seconds against the part of the cervix to be treated. The heat destroys the tissue to a depth of several millimetres the dead cells flake off over several weeks following the

treatment. Rocket, a company in Watford that is Wishap's British agent, reports e growing demand for the hardware. It says it is selling to British doclors two or three coagulators a week.

Dr Jeremy Livingstone of the assessing the two lechniques is Elsie Inglis Maternity Hospital the lack of long-term data about in Edinburgh, who is comparing the effectiveness of treatment the laser and cold-cozgulation with the cold cozgulator. Doctechniques in a four-year study, tors can point to statistical evisays that his results so far dence, not just from the UK but indicate there is little to choose the U.S. and other countries, As to the reasons for the treated with 3 laser run only a greater popularity of lasers, Dr small risk that the condition will Livingstone comments: "People return.

technology hardware is simmer-ing in the unlikely quarter the tissue being treated. Some Dr John Elias-Jones of of hospitals' gynaecology doctors have huilt up skills with Addenbrookes Hospital in Cambridge has started a similar study to compare the two techniques.

Joe Jordan and Mike Emens (right) with Laser Surgical

LASERS AND other new techniques to treat disorders of the cervix have asbored in sweeping changes in recent years in this branch of gynaecology, The hardware is introduced

to treat cervical intrae-pithelial neoptasm, the growth of lesions in the neck of the nterus that can turn into cancer. suffered undue pain. Cold coagulators are sold by The condition is detected through "smear lests," in

which cells obtained from a swab are analysed in a laboratory. In 1979 the last year for which nationwide figures are available, 2.7m women received such tests. On average, 5 in 1,000 have " posi-tive smears "—which indi-

they may need treatment. The Department of Health and Social Security recom-mends that women receive smear tests every five years.

Gronps particularly at risk are women over 35 and those who have been pregnant three times or more. In the conventional approach to the condition,

surgeons remove the segment of the cervix (bat contains the lesions. In the operation, One of the main problems in known as a cone biopsy, patients have lo speod up to five days in hopsital.

Lasers and cold coagulators form part of a family of newer techniques that dispense with the surgical knife. They destroy cells either by heating or ireezing a small area of tissue.

With these methods, the

in quálity building" (T)Tom Green programmes

SEVERAL software products developed in the U.S. for the Apple Macintosh computer range is to come on to the British market. These are mainly business computer software including a graphics program, n database for bandling lists of information, a computer cashbook and per-sonnel and payroll system.

These products come from U.S. software companies such as Peachtree, Telos Software Productions and Haba Soft-ware. More details are available from Apple Computer at Hemel Hempstead in the UK on 0442 60244.

Credit checking

# Computer enquiries

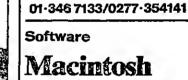
AN INVESTMENT of £10m has gone into a computer system aimed at storing credit details of 1.8m businesses in the UK and 42m consumers.

UAPT Infolink switches on the inquiry system for busi-ness credit worthiness. Today, some 10,000 member companies are likely to use the system either by telephoning UAPT for details or hy linking directly into the system using a computer terminal. More than 1,000 terminals are In the hands of customers who make on average 18m

inquiries each year. Until now the terminal has been used for access to consumer credit ratings. The consumer system is extremely complicated. A user can enter a name or address wrongly spelt and the system will pick ont variations in the spelling. This computer system has been operating for nearly five

years. UAPT with its business system will compete with Dun & Bradstreet which is soendiog more than \$20m on a similar system. UAPT has developed (be software (tself with the help of Burroughs which supplied the machines.

Equipment at Birmingham and Midland Hospital for Women woman can be treated in an oul-patients' clinic in a malter of minutes. Costs dectine enormously. According to Mr Albert Singer, a laser specialist at the Royal Northern Hospital in London, a cone biopsy costs the National Health Service £750



they will be able to transfer from one work setting to another. According to re-searcher Pat Perty: "We must overcome transes' expectations

of being taught the necessary skills — they must be encour-

aged to acquire skills them-selves, and instructors should

give them the freedom to do so." Trainees will also be

encouraged to ask questions rather than passively accept everything they are told.

Even instructors will come

under the research team's scrutioy. For the assumption

that if they are good at some thing they can also teach others

to be so is not always truc. So, in order to improve instruc-

tors' skills, three-day courses

Visits will be made to a range

**Iola Smith** 

will be held for them.

Tech'gy 180 133

Jaguar IPWS Inthi. 10p. Sarasota Tech' Tinaley (Eliza Young (B)

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7.0 57.6 3.6 19.7 57.75 2, 6.9 7.6 9.0 9.7 4.419.8 81.9 4.1 9.017.8 42.69.2.4 7.2 6.8

# **UK COMPANY NEWS RECENT ISSUES**

# Fraser employees, shares may hold key in Lonrho battle FIRST-HALF 1984 turnover of

### BY JOHN MOORE, CITY CORRESPONDENT

THE BATTLE between Lontho and Rouse of Fraser resumed over the weekend as Lontho dispatched its circular to share-bolders seeking their support in the latest campaign which comes to a climax at Fraser's annual general meeting on September 28.

manea strong and, in addition to internal growth and techno-logical advances, it was seek-ing to utilise its cash to make further acquisitions and broaden its range of activities. The group's interests cover transfort excitence motor cover Lonrho, Fraser's largest share-holder with 29.9 per cent of the stores group's shares, is urging shareholders to vote against the re-election of Professor Roland Smith, Fraser's charman, and Mr Ernest Sharp, a non-execu-tive director of Fraser. transport systems, motor com-ponents, specialist engineering Lonrho is also seeking share-

The net interim dividend is holders' support for the reappointment of Mr Roland "Tiny" Lonrho's chief execustepped up from 2.2p to 2.3p per 25p share, payable on Dective, as a director of Fraser and the sppolniment of Mr Paul Spicer and Mr Terry Robinson. Loorho directors, as directors of Fraser. ember 3-last year, a total of

Tax for the half year rose from £3.34m to £3.7m and in-cluded £1.9m (£1.8m) of over-seas tax. Net available nrofits Lonrho is also asking Fraser shareholders that they should vote for a resolution which will ask the Fraser board not to act in a way which prejudices any possibility of the flotation of Harrods, Fraser's main store, as were £0.88m higher at £7.15m and after dividends absorbiog f1.8m (f1.73m), the retained surnlus came through at a separate company while B Monopolies and Mergers Com-mission inquiry is in progress. Wadkin, the Leicester-based woodworking machinery com-

The Monopolies and Mergers Commission is investigating Lonrho's long-running battle for influence at Fraser. Lourbo has been attempting to gain the demerger of Harrods from the cost of the group for come time rest of the group for some time. Lonrho has bit out against the record of House of Fraser as B company: "since the death of Lord Fraser of Allander in 1966

(£458,000). There is an interim divideod Frase thas increased its profits about 6 times. Since Mr Rowland joined Learbo in 1961, it has increased its profits by over 760 times," says the Lonrho Circular,

House of Fraser snapped back yesterday: "Lonrho are about the last people who should comabout the last people who should com-ment on any other company's financial performance. Loarbo's earnings on shareholders' funds have dropped by a half since 1977 and their earnings per share have dropped by a third over the same period. Their recent record is appalling. House of Fraser by comparison is a star performer."

The resolutions which are to the resolutions which are to be put before shareholders at the annual meeting require only simple majoritles. Loarho has 29.9 per cent of the equity but it is estimated that the group could gain other support amount-ing to 12 per cent of the shares. If the level of absentions is high enough the result may be very close in the letest campaign.

Over the weekend, House of Fraser sent out voting cards to members of its employees' profitmembers of its employees' profit-linked share plan. The trustees bave told employees that unless they receive instructions to the contrary that they intend to vote against the resolutions appoint-ing the two extra Lonrho direc-tors and the resolutions regard-ing the board's action on the future of Harrods.

The trustees have said that The trustees have said that these resolution could "restirct the normal powers of manage-ment of the House of Fraser hoard. In any event, the trustees remain firmly of the view that B de-merger of Harrods would not be in the hest interests of participants."

Shares of the profit-linked share plan amount to around

systems installed in major retail chains in France, Spain, Belgium, West Germany and Switzerland,

CC astimates for 1984, estimates for 1984, by tandor. [ Offered way of capitalization od by way

## PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announc-ments except where the forthcoming board meetings (indicated thus") have been officially notified. Dividends to be declared will not necessarily be st the amounts in the column headed "Announce-Date ment last year." Announce-Date ment last year

		-
ς.	Date ment leat	
	*House of	5
	FrazerSept 18 Interim 2.5 *ibatock	
75	Johnsen., Oct S Interim 1.7 InchespeSopt 27 Interim 7.1 Long (J.)Sopt 29 Interim 1.2	5
	ti sino	

THE REAL PROPERTY

\*Aberdreen Constructin...Sept 27 Interim 2.1 \*AS Ports .....Sept 13 Interim 3 \*Aurore ......Sept 12 Interim 3.3 BAT Industs ...Sept 12 Interim 3.3 \*Strat ..........Sept 12 Interim 3.3 dend....Sept 25 Interim 11.S Serratt Devs ....Sopt 20 Floel 5.31 Bell (Arthur)...Oct 4 Final 2.85 "Sewater ........Sopt 13 Interim 3.1 Bowtherpo ...Oct S Interim 1.84 Broat Chams...Sopt 15 Interim 0.5 British General...Sept 12 Interim 6 \*Londen Marchant Boca...Sept 11 Final 1.05 Aaroapace...Sep 11 Interim 3.5 London Shop Prop...Sept 13 Finel 3 (J.)...Sept 22 Interim 2.0 Stores...Oct 19 Interirs 1.75 Stores...Oct 19 Interim 1.75 \*Brixton Estate......Sept 13 Interim 1.8 Brooke Gord...Oct 18 Final 2.85 \*Stewn Boveri Kenc...Sept 13 Interim 3.5 \*Cenning (W.) Sept 17 Interim 0.5 Charterheal ....Sept 22 Final 0.3 Charterheal ...Sept 27 Interim 1.5 Comb English Stores...Sept 18 Interim 1.5 Comb English Stores...Sept 19 Interim 1.5 Comb English Stores...Sept 27 Interim 1.5 Corty Pathan....Sept 18 Interim 1.4 \*Octor Pathan...Sept 18 Interim 1.4 \*Octor Pathan...Sept 18 Interim 1.4 \*Octor Pathan...Sept 10 Final 15 \*Orty ......Sept 11 Interim 1.4 \*Ortg ......Sept 13 Interim 1.5 \*Denlop ......Sept 22 Interim 1.5 \*Denlop ......Sept 28 Interim 1.5 \*Dunlop ......Sept 28 Interim 1.5 \*Dunlop .......Sept 28 Interim 1.5 Allen...,Sept 28 Final 9.0 Morgan Crocibie...5apt 14 Interim 3.5 Crocible...Sapt 14 Interim 3.5 Mowiem (Jehn)...Oct 13 Interim 2.2 NEI ......Sept 29 Interim 1.65 "Frudsotial .....Sept 13 Interim 1.65 "FMC ......Sept 13 Interim 6.0 Renders .....Sept 17 Interim 6.0 Reybeck ......Sept 13 Interim due "Rie Tinto-Zinc.....Sept 19 Interio 6.0 "Rowarce \*Rownices Mackintesh...Bept 20 Interim 3.2 Rugby Portland Control Oct 3 Interim 2.7 Corrent., Oct 3 Interim 2.7 Scottish Met Ptep...Oct 12 Final 2.0 Seara .....Oct 4 Interim 0.7 "Simon Eng ...Sept 17 Interim 4.0 Superdrug ...Sept 23 Interim 1.4 Stootley .......Sept 22 Interim 4.0 "Termac ......Sept 17 Interim 3.8 Telephone Rentals...Oct 18 Interim 2.4 "Travis and Arnold...Sept 24 Interim 1.66 "Turner and Newsill...Sept 13 Interim 0.25 UEI ......Oct 14 Interim 2.0 "Utel Sisculto ...Sept 12 Interim 2.7 "Unled uce...Sept 28 Interim 1.5 Formes...Sept 13 Interim 1.1 bet Intl...Sept 12 lotsrim 2.0 ......Sept 1B Interim 6.0 Minsep.....Sept 25 Interim 6.0 Minsep......Sept 25 Interim 2.65 Freemens ......Oct S Interim 1.9 Seni Mining ...Sept 13 Final 55c Terrerd and Netionel...Oct 20 550 Netionel...Oct 20 Interim 3 lexo .........Oct 10 Finel 6.25 rettan .......Sopt 29 Interim nil ambro Life ...Oct 6 Interim 4.7 Newspapers...Sept 25 Interim 5 Vickors ..........Bapt 27 Interim 3.0 "Willis Faber ...Sept 11 Interim 6 Prop...Oct 14 Interim 3.0 (Geo.)...Sept 29 worth ....Sept 14 Interim 0.85 Interim 2 .Oct 15 Interim S .Oct 19 Interim .Sept 13 Interim .Oct & Interim made. \$ Tex Iree, made. \$ Tex Iree, made. ¶ Forecast.

Banque Nationale de Paris

### U.S. \$ 250,000,000 Floating Rate Notes due 1996

All these bonds having been sold, this announcement appears as a record only

20

New Issue

#### Issue Price: 100%

3			The net interim dividend is stepped up from 2.2p to 2.3p
Ż.	BANQUE NATIONALE DE PARIS	CREDIT SUISSE FIRST BOSTON LIMITED	ember 3-last year, a total of
			<ul> <li>Sp was paid.</li> <li>Tax for the half year rose</li> </ul>
	ALGEMENE BANK NEDERLAND N.V.	BANQUE BRUXELLES LAMBERT S.A.	from £3.34m to £3.7m and in- cluded £1.9m (£1.8m) of over-
	BARCLAYS BANE GROUP	CAISSE DES DEPOTS ET CONSIGNATIONS	Seas tax. Net available nrofits were £0.88m higher at £7.18m
ş	CITICORP CAPITAL MARKETS GROUP	COUNTY BANK LIMITED	and after dividends absorbiog £1.8m (£1.73m), the retained
ł	DEUTSCHE BANK Akiegeseischeft	DRESDNER BANK	f5.36m, against £4.55m.
	GOLDMAN SACES INTERNATIONAL CORP.	<b>BILL SAMUEL &amp; CO. LIMITED</b>	Wadkin doubled
3	KIDDER, PEABODY INTERNATIONAL LIMITED	<b>ELEINWORT, BENSON LIMITED</b>	Wadkin, the Leicester-based woodworking machinery com-
	LEHMAN BROTHERS INTERNATIONAL Shengen Lehnen/Amrican Expert Inc.	MORGAN GUARANTY LTD.	pany, has announced pre-tax profits almost doubled from £280,000 to £482,000 for the six-
	MORGAN STANLEY INTERNATIONAL	ORION ROYAL BANK LIMITED	were up from £11.87m to
	SALOMON BROTHERS INTERNATIONAL LIMITED	SWISS BANK CORPORATION INTERNATIONAL LIMITED	<ul> <li>£15.43m, with operatiog profit</li> <li>after losses from other fixed</li> <li>asset investments, at £6\$0,000</li> </ul>
			(£458,000). There is an interim divideod
	1.		of 2p last year, a single 3p pay- ment was paid.
	***************************************	***************************************	Earnings per 50p share were

of 2p last year, a single 3p pay-ment was paid. Earnings per 50p share were 10.04p, compared with 5.83p. There was no tax paid.

	Fl	NANC	HAL '	TIME	S STO	OCK I	INDIC	ES		
1	Sept.	Sept.	Sept.	Sept.	Sept	Aug.	i 19 High	10W	Since Co	mpi at'ı Low
Government Secs.	79,49	7B.01	78.89	78,43	79,84	79,75	86,77	76.7B	197,4	49,19
Fixed Interest	92,73	e8.55	93,5B	82,85	82,93	63.81	87,48	80,43	150.4	80,63
Industrial Ord	651.7	848,B	939,9	838.3	985.1	863.7	922,8	756.3	993,9	49,4
Gold Mines	583,2	531.B	527,5	640,3	561,4	565.4	711.7	486,7	734,7	43,5
FT-Act.All.Sharen.	518,58	516,57	519.34	513.17	631.63	820,47	536,71	464.84	S36.71	61,B2
F1-5E100	1099,3	1095.3	1092,6	1083,7	1105.5	1103.9	1141.5	i 966.S	1141.6	986,B

# **Checkpoint Europe for USM**

#### BY WILLIAM DAWKINS

Laird

advances

to £10.9m

at midway

the Laird Group rose by 19.73m to f153m and pre-tax profits climbed from f9.52m to f10.86m. In the last full year,

the group made a record f21.08m on £305.52m turnover. At the annual meeting in

June, Sir Ian Morrow, the chairman, said the financial position of the company re-mained strong and, in addition

July, 1984

The Jersey incorporated com-pany's shares are currently for detecting shoplifters elec-traded on an occasional matched troolcally. bargain basis under the Stock Exchange's Rule 163 (2). It plans to join the USM via an introduction, and will be raising no new capital. The tars themselves are made by Checkpoint Systems Inc of the U.S., which has no connec-tion with the group, other than a franchise acreement. About

Checkpoint Europe, s supplier of electronic security tags and hard tags capable of being con-safes, expects to join the Un-listed Securities Market by the end of October. The Jersey incorporated com-pany's shares are currently traded on an occasional matched tronically, Checkpoint distributes soft and strength of the dollar edded being con-strength of the dollar edded to being con-trength of the dollar edded to being con-strength of the dollar edded to being con-strength of the cost of being to being con-strength of the cost of being to being con-trength of the dollar edded to being con-strength of the dollar edded to being con-strength of the cost of being to being con-strength of the cost of being to being con-strength of the dolla ear. Obeckpoint has more than 1,000

The tars themselves are msde by Checkpoint Systems Inc of the U.S., which has no connec-tion with the group, other than a franchise agreement. About 40 per cent of the U.S. group's sales are made to Checkpoint Forme

A franchise agreement. About a franchise agreement. About sales are made to Checkpoint Europe. The European company's tar-the European company's tar-the Shares were recently the profits alipped from 5701,000 to 5228,000 in the year to last March, chiefly because the

TZ. 00 -

# 4.5m representing around 3 per cent of the Fraser equity. They are likely to represent a crucial factor in the outcome in the battle.



7:11 86/9 7:9 19:10

Amount paid up Latest Renuno.

 F.P. 31,6
 110
 103

 F.P. 31,6
 110
 103

 F.P. 31,98
 89
 51

 J.P.P. 10,8
 86
 65

 F.P. 10,91
 126
 92

 J.P.P. 10,92
 106
 92

 F.P. 10,13
 106
 92

 F.P. 41,04
 120
 140

 F.P. 5110
 49
 46

 F.P. - 140
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 126

 F.P. - 140
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 120

 F.P. - 296
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 F.P. - 296
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FIXED INTEREST STOCKS

1984

High Low

EQUITIES

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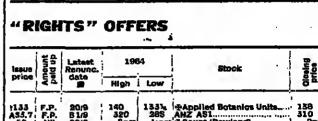
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·PEARSON

	yal Doulton Midhurst Fine China Oil and Oil Services
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# **Earnings** advance in first half of 1984

Group Results for the half year to 30 June 1984

£000 (unaudited)	1984	1983	1983
Turnover (excluding banking	Half year 381,906	Half year 332,844	Full year 730,366
	41 7 42	00504	88 488
Profit before interest Profit before taxation	41,745 37,343	33,704 27,197	88,482 77,353
Profit after taxation and	01,040	191	(1,000
minority interests	19,235	14,593	41,942
Earnings per ordinary share	<b>20.6</b> p	15.7p	45.1p
The results for the year 1983 are no abrid uoqualified report by the sudnors and h	leed version of the full a uve bean filed with the	ecounts which recei Registrar of Comps	ved an mics.

Statement by the Chairman, Lord Blakenham

Profits for the first half of 1984 were well up on last year, rising from £27 million to £37 million at the pre-tax level. The largest increase was in the information and entertainment sector, although it should be remembered that the 1983 results included several weeks in which the Financial Times was not being published. Fine china has produced a similar performance to last time, the benefit of the more favourable exchange rate having been largely offset by a planned increase in marketing expenditure in North America. The oil and oil servicee sector continued to operate against a difficult market background but the trading position of Camco has begun to stabilise. Both the engineering and merchant banking sectors had a good six months; the new grouping of the three Lazard houses came into effect on the first of July.

Earnings per share before extraordinary items rose from 15.7p to 20.6p. This was after a eubstantially higher tax charge, most of which was due to changee introduced by the 1984 Finance Act. Extraordinary items provided a net gain of £11 million (£16 million before deduction of tax and minorities). Of the groes figure £6 million came from the sale by Lazard Brothers of its holding in Datastream and £7 million came from the sale of Reuters shares where we have retained approximately three-quarters of our overall holding. Pre-tax current cost profits rose from £18 million to £28 million.

Your directors have declared an interim dividend of 6p per ordinary share (5p in 1983) which will be paid on 2 November 1984.

7 September 1984

A copy of the full announcement is available from the Secretory. Pearson plc, Millbank Tower, London SW1P 4QZ. Telephone: 01-828 9020.

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# Keep surges to £0.64m

Keep Trust, investment and motor distribution concern, an interim dividend of 0.38p will announces pre-tax profits more than doubled to £635,000 for the paid, and barring unforeseen half year to June 30 1984, Bgainst 2236,000. Profits in all the company's activities during the first six months have improved over those of the corresponding period last year. Turnover amounted to £31.5m, compared with £253,000 (5227,000), with earn-inst in an interim dividend pay-out, will be £253,000 (5227,000), with earn-inst interim dividend pay-out, will be £253,000 (5227,000), with earn-inst interim dividend pay-out, will be £253,000 (5227,000), with earn-inst interim dividend pay-out, will be £253,000 (5227,000), with earnwith £25.3m. The directors are expecting the second half of 1984 to show greater profits than the first, hot the proportion between the two haives will be more evenly balanced than last year.

Tax accounted for £222,000 (nil) and retained profits this time, after dividend pay-out, will be £253,000 (£227,000), with earpings per 5p share at 1p compared with 0.6p last time.

In 1983 the company returned to the black with pre-tax profits of £1.09m, compared with a loss of £441,000 in 1982.

issued and

fully paid

1510,817

#### **BOARD MEETINGS**

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings not usually held for the purpose of considering dividends. Official Indications are not evailable as to whether the dividends are interfame of finels and the sub- divisions shown below are based meinly to last year'n timetable. TODAY Interfame:—Bridgwater Estates, Richard Clay, Descutter Brothem, Low and Bonar, Micro Business Systems, Remoto	011       Services, Rochwats, Systems         Railability, Talbot Motor,       Finals:Murray Ventures, Our Price,         FUTURE DATES       Interims:         Interims:       Services         Biocklayn       Bopt 12         British Aerospace       Cept 13         Sentrose       Sept 12         British Aerospace       Cept 17         Falcon Resources       Sapt 11         Fisher Lames)       Sapt 12         Fisher Lames)       Sapt 12         HB Electronic Components       Sept 25         HB Electronic Components       Sept 17
F.T. Share Information The following securities have been added to the FT Share Information Service: Edinburgh Investment Trust Warrants (Section: Investment)	Quick [H. and J.)     Sept 12       Pio Tanto-Zinc     Sept 12       Silkoinan Lubricanta     Oct 4       Wntts. Sinko.     Bearna       Finals:     Celtic Harman       London Shop Property Trust     Sept 13       Sirder     Beot 12
Trusts) European Ferries Group Pref. Shares (Industrials) Falcon Resources (Oil and Gas) Gsunt (Rowland) (Drapery and Stores).	Based on FT Index 846-850 (-3)

This advertisement is issued in compliance with the Regulations of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any securities of the Company.

> COMPANY DESIGN CONSULTANTS PIC (Incorporated in England under the mpanies Acts 1948 to 1976 No. 1388429) Share Capital Ordinary shares of 10p each

Authorised

\$625,000

Application has been made to the Council of The Stock Exchange for the whole of the asued share capital of FAch & Company Design Consultants PLC, formerly dealt in on the Unisted Securities Market, to be admitted to the Difficial List, it is expected that the issued share capital will be admitted to the Official List on 12th September, 1954. Particulars relating to the Company are available in the Extel Statistical Services and capies of such particulars are available during normal business hours on any weekday (excluding Saturdays) up to and including 24th September, 1984 from: County Bank Limited, Cazenove & Co., 12 Tokenhouse Yard, 11 Old Broad Street, London EC2N 188

London EC2R 7AN

10th September, 1984

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Telephone 01-62] 1212

P/E Fully

Granville & Co. Limited

**Over-the-Counter Market** 

27/28 Lovat Lane London EC3R 8EB

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3,612 646 1,968 15,303 8,615 31,882 3,002 3,080

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489 2,160 2,197

# **UK COMPANY NEWS**

# **Development costs and Steinbock** losses take toll on Lancer Boss

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bock takeover, the group generated an increase in net liquid funds of £2.1m.

Earnings per share rose to f4.55 compared with f3.91, but the private company retains pro-fit rather than paying dividends. The group is hanking on the implied stability created by ils boost into the world's top 12 lift-truck producers end the

In the second lift-truck producers end the promise of the widest product range in the business through its Steinbock takeover. Sir Neville said this had already helped to pull top Continental dealers

# Moray Maltings up to £1.1m

THE CLOSE monitoring of costs and the progress being made in non-malting activities has re-sulted in Moray Firth Maltings increasing its first half profit to f1.09m, aganist £941,000. Home market deilveries of malt in the period to June 30 showed no growth, and trading in export markets was "oot easy," particularly Nigeria where new import licensing regulations have meant a slow down io deliveries. Turnover of this USM company fell from f15.28m to f14.07m. Outstanding malt contracts for

APPOINTMENTS

# Senior post at Revlon Health Care

will have overall responsibility October 1. Athena International of for home and for manufacturing. Pentos,

for home and export markets and for manufacturing. \* Mr J. Mingay, a director of ARCHBOLD FREIGHTAGE, has been appointed North Eastern area director. \* TATE & LYLE has appointed Mr Tony Stanton divisional man-aging director of Tate & Lyle \* TATE & LYLE has appointed Mr Tony Stanton divisional man-aging director of Tate & Lyle \* Tating Mr Stanton replaces Mr Stanton was managing director of Cory Distribution, a sub-sidiary of Ocean Transport & Trading Mr Stanton replaces Mr a new appointent in Jamalca where the Tate & Lyle Group is a new appointent in Jamalca where the Tate & Lyle Group is this month. Mr Parker, will continue as chairman of BRITISH VITA after his retirement et the end of Link House Group, has made the following appointents: Mr Lea subsidiary of Link House Group, has made the following appointents: Mr Lea subsidiary of Link House Group, has made the following appointents: Mr Lea subsidiary of Jores ADVERTISING this month. Mr Parker, will also remain a director of Vita Inter-sion funds. Mr Herbert Houghton has resigned as a non-executive the administered period the rescutive chairman of Lazard and with the subsidiary of Divide Maler, who has taken mp a new appointent in Jamalca managing director. \* Mr F. A. Parker will continue as chairman of BRITISH VITA after his retirement et the end of Link House Group, has made the following appointments: Mr Lea son joins as managing director. \* Mr Harry Allibos, who re-centive chairman of Mr David Beale as a managing director. \* Mr Harry Allibos, who re-centive chairman of the son funds. Mr Herbert Houghton has been appointment of Mr David Beale as a managing director. \*

Mr John Michelmore has been during the past two years. Mr general engloeering divisioo of eppointed group director of Dave Currey, chief executive of FAIREY ENGINEERING at REVLON HEALTH CARE (UK), Gallery Editions, the Canadian Stockport. He was head of the embracing the Armour and Berk subsidiary, will also join the engioeeriog divisioo at the pharmacentical companies, He board of Athena International oo UKAEA Dounresy ouclear power general chelocering divisioo of FAIREY ENGINEERING at Stockport. He was head of the engioeeriog divisioo at the UKAEA Dounresy cuclear power development establishment BRITISH ALCAN ALUMINIUM

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any shares.

### **European Ferries Group Plc** (Incorporated in England No. 1810102 under the Companies Acts 1948 to 1981)

Share	Capital
-------	---------

Authorised		Issued and fully paid
Up to £86,750,000	Ordinary shates of 25p each	Up to £69,427,889.50
Up to £100,000,000	5 per cent, redeemable non-cumulative preference shares of £1 each	Up to £100,000,000.00

Following the Scheme of Arrangement under Section 206 of the Companies Act 1948, by which European Ferries Group Plc has become the new holding company of European Ferries Plc, the . Council of The Stock Exchange has admitted to the Official List the whole of the issued share capital of European Ferries Group Plc.

The share capital of European Ferries Group Plc will comprise:---

- (a) such number of ordinary shares and preference shares as are required to satisfy elections and deemed elections in accordance with the terms of the Scheme of Arrangement; and
- such additional ordinary shares as shall represent approximately, but not more than, 25 per cent. of the total issued ordinary share capital of European Ferries Group Pic following the allotment of shares under the Scheme of Arrangement.

An announcement of the total numbers of ordinary shares and preference shares to be issued will be made on 12th September, 1984.

Particulars relatiog to European Ferries Group Ple and the prefetence shates are available in the statistical services of Extel Statistical Services Limited and copies may be obtained during normal husiness hours on any weekday (Saturdays and public holidays excepted) up to and including 24th September, 1984 from:-

S. G. Warburg & Co. Ltd., 33 King William Street, Loodon EC4R 9.AS

and a second second

Hoare Govett Ltd... Heron House. 319-325 High Holborn, London WCIV 7PB

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10th September, 1984

The Laird Group

PUBLIC LIMITED COMPANY

## **Interim Results 1984**

(subject to audit)			
	Half Year to 30 June 1984 £ 000	Half Year to 30 June 1983 £000	Year 1983 £°000
Turnover	153,000	143,270	305,519
Profit before Tax	10,860	9,520	21,078
Тах	(3,700)	(3,240)	(7,469)
Profit after Tax	7,160	6,280	13,609
Extraordinary items	<u> </u>		(4,879)
Profit available for			
Ordinary Stockholders	7,160	6,280	8,730
Dividend	(1,800)	(1,727)	(3,926)



GENOSSENSCHAFTLICHE ZENTRALBANK

AKTIENGESELLSCHAFT

Vienna U.S. \$50,000,000 Floating Rate

Subordinated Notes Due 1992

For the three months 10th September, 1984 to 10th December, 1984 the Notes will carry an interest rate of 12%s per cent. per annum. Interest payable on the relevant interest payment date, 10th December, 1984 against Coupon No. 13 will be

U.S. \$155.62.

Listed on the Luxembourg Stock Exchange. By: Morgan Guaranty Trust Company of New York, London

Agent Bank



Today's Rate 111/4% 3i Term Deposits	becomes chairman and chief has resigned as a non-executive executive and Mr Nigel Donald- son joins as managing director. Mr Donaldson was managing director of Computator. THE POST OFFICE has ap- pointed Mr Michael Malster director of parcels product mach	management. Mr Beale's career to date has been with Commer. cial Union. He was joint Invest- meot manager from 1972-1979 and investment manager, inter-	Retained Profit	5,360	4,553	4,804
Deposits of £1,000-£50,000 accepted for fund terms of 3-10 years. Interest paid half-yearly. Rates for deposits received not later than 21.9.84 are fixed for the terms shown:         Terms (years)       3       4       5       6       7       8       9       10         Interest %       1114/114/114/114/114/114/114/114/114/11	Mr David Hood has been agement from October 15, with appointed export sales director responsibility for product devel- of IDEAL STANDARD. He suc- opment, husiness volume,	hational, from 1979 until 1983 Most recently be has held the position of group financial con- troller. * Mr Derek J. Manle has been appointed managing director of BRAY LECTROHEAT, a membe- of Bray Technologies. For the past seven years he has been the managing director of Integrated	<b>Notes</b> 1. An interim dividend of 2. will be paid on 3 Decemb 2. The tax charge includes £	er 1984.		

This advertisement complies with the requirements of the Council of The Stock Exchange It does not constitute an invitation to subscribe for or purchase any securities.

# U.S. \$50,000,000

# Hawker Siddeley Group

Public Limited Company

(incorporated in England under the Companies Act 1929)

# 131/4% Notes Due 1991

The following have agreed to subscribe for the Notes :-

#### MORGAN GUARANTY LTD BANQUE BRUXELLES LAMBERT S.A. AMRO INTERNATIONAL LIMITED **CREDIT SUISSE FIRST BOSTON LIMITED** CHASE MANHATTAN LIMITED **GOLDMAN SACHS INTERNATIONAL CORP.** DEUTSCHE BANK AKTIENGESELLSCHAFT SAMUEL MONTAGU & CO. LIMITED LLOYDS BANK INTERNATIONAL LIMITED Société Générale **MORGAN STANLEY INTERNATIONAL** SWISS BANK CORPORATION INTERNATIONAL LIMITED SUMITOMO FINANCE INTERNATIONAL UNION BANK OF SWITZERLAND (SECURITIES) LIMITED S.G. WARBURG & CO. LTD.

The Notes, issued et 100 per cent. in denominations of U.S.\$5,000, have been admitted to the Official List by the Council of The Stock Exchange subject naly to the issue of a temporary global bearer note. Interest on the Notes is payable annually in arrears on 20th September commencing 20th September, 1985.

Particulars of the Notes and the Issuer are available in the Extel Statistical Service and may be obtained during usual business bours up to and including 24th September, 1984 from:-

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN.

10th September, 1984

Morgan Guaranty Ltd, 30 Throgmorton Street, London EC2N 2NT.

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland

# **United Technologies Corporation**

(Incorporated with limited liability in the State of Delaware)

# £35,000,000

### 111 per cent. Notes 1989

### Issue price 100 per cent.

The following have agreed to subscribe or procure subscribers for the Notes:-

S. G. Warburg & Co. Ltd.

Baring Brothers & Co., Limited

Goldman Sachs International Corp.

Algemene Bank Nederland N.V. Citicorp International Bank Limited **Daiwa Europe Limited** Hambros Bank Limited Morgan Grenfell & Co. Limited N. M. Rothschild & Sons Limited.

Salomon Brothers International Limited **Barclays Merchant Bank Limited** Crédit Lyonnais **Dresdner Bank Aktiengesellschaft** Lloyds Bank International Limited Morgan Guaranty Ltd Union Bank of Switzerland (Securities) Limited

The Notes constituting the above issue have been admined to the Official List of The Stock Exchange of the United Kingdom and the Republic of Ireland, subject only to the issue of a Temporary Global Note. Interest is payable anoually in arrear on 20th September, the first such payment being due on 20th September, 1985.

Particulars of the Notes ere available from Extel Statistical Services Limited and copies may be obtained during usual business hours oo any weekday (Saturdays and public holidays excepted) up to and including 24th September, 1984 from.-

> Cazenove & Co., 12 Tokenhouse Yard, Londoo EC2R 7AN

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10th September, 1984

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES Financial Times Monday Septer ᆧᇶᄭᄵᇔᆊᇑᅿᅒᆧᇔᇑᇑᇗᆂᅎᆡᇩᅊᇔᄵᆄᆎᄵᆱᄮᇔᇑᇑᇑᇑᇑᇧᇧᇔᄮ Chipe # Prev. # Close + it - i2 - i4 + 15 Sinch BCDF BCDF Black Bl Class Burts 94. 35. 36.9 100 9 17 33 36 35 
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 Bit</th BRACHARDERSANDERS ፚ፞፞፞ዹጜ፟፟፟፟፞፞<u>ኯ</u>ጟ፟ፙ፝ጟዄ፟ኇ፟ጟ፞ቘ፝ፚ፞ጟ፟፟፟፟፟፟ዾቒ፟ፚፙ፝፝ኇቔቘ፟ዄ፝ቒ፟ፚቘ፝ዹቘጜ፟ጟ፝ጜ፟ጟ፝ቔ፝ቘጜዄ፟ቘ፝ኇቒ ១ «ស្ថិភិភ្លេង មេណិក ១១ មេសិក មេស ១ «ស្ថិភ្លេង មេសិក ទេសិក មេសិក មេស Other 훬볗놣븮껆봌찲뫝껿뚛귫뢽끐꾔묬딦뤙뷼广쎫갼댯뤒횁췽킕뤙갼턀멹쳙댤냋뒫뇞첧갼켨됕됳댤켨훕갼툪뇼믁뒿갼첹묊콎뵨뷿탼큵뚔끤벐븧끯쳜늉淗귵갼죟곷쭾 สื่อเริ่มแก้เริ่มอย่าวก็สู้ก็ร่านขึ้นขึ้นสูงคลียุษัตรณ์ผู้ ł Entry Example Education Education Education Education Education Education Education Education Entry En ዀ፟ቚቘፚ፞ጜጜጚፙቜዸ<sub>፝</sub>ኯቚዼቚጜ፟፟ቚጜጚጚዿቒ፝ዹ፞ጛ፝ዾፚ፞ዿ፟፟፟፟፟፟፟፟፟፟፟ጟቚጜጜ፟ጜዸጜ፟፟፟፟፟፟፟፟፟፟ጜቒፚ፟፟፟፝፝ኇጜ፟ፘጜ፟ዿ፝ዸ፟ዀ፟፟ Artung Artung Artung Artung Artung Autrice Anteris Anteris Anteris Anteris Anteris Anteris Anteris Anteris Anteris Apple Oxisting Docking Docki ងអ៊ីនីដែលនិងខ្មែនដែលនិងទំនួយកនាំបានដល់និងក្លានទំនឹងទំនឹងទឹកស៊ីនី ទំអនិទ័ណ្ឌន័ន្ធនៃទីនទឹតក្លែងនិងអ្នកមកនិងនិងភ្ល ក្រុង ងចំរើងក្រុងទំនាំអាងដែរ អាងស៊ីដង់ដែលក្រក់អជីមស័តកែដំហើងស៊ីតីទំនឹងដែលខ្លាំងនិងកើមតែខ្លាំង ស្រុងស្រុកស៊ីមិនក្លាំងដែរដែលក្រក់អជីមស័តកែដំហើងស៊ីតីទំនឹងដែលខ្លាំងនិងកើមតែខ្លាំងនិងកើមតែខ្លាំងនាំអីសក្នុងកើមតែខ្ ኯዄዀጚ፟ኯቚዸ፞ኇፙቚጟፙዹጜፙፙፙዸዹፘፘፙቘፙዄ፝ኇፙጜኯጟዸ፟ፙዿ፟፟ቚዀጟፙዀጚፙፙዀኇፙቚዀጟፙዀዄፙ፟፟፟ቘ ዀዄዀጚኯቚዸኇፙቚጟፙዹጜፙፙፙዸዹጟፘቒቘፙዄኇጜዄዀጟዸ፟ፙዿ፟ጟዀጟዸ፟ፙዿ፟ዹፙጜቚዀጟዄፙዀቘቘፙዀኇጟፙጟዄዄዄ ዀዀዀዀዀዀዀጟዀቘጟዀዿፙዀዀጟጟዀዀዀዀዀጟዾዾጟዄ 

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Closing prices, September 7

# **AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES**

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Sales figures are unofficial. Yearly highs and lows reduct the previous 52 wooks plus the current week, but not the latest insiding day. Where is split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annuel disbursements based on the latest declaration. a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-loguidating dividend cid-called, d-new yearly

a-dividend elso extra(s). b-ennuel rate of dividend plus stopic dividend, c-liquidating dividend (cl-called, d-new yearly low, e-dividend declared or gued an preceding 12 months, g-d-indend in Canadian funds, subject to 15% non-residence tax. I-dividend declared after split-up or stock dividend, j-dividend paid this year, omitted, deterrad, or no action taken at latest di-vidend meeting, k-dividend declared or paid this year, an accu-mulative issue with dividend's in arrears. In-new issue in the past 52 weeks. The high-low range begins with the start of tra-ding, nd-next day delivery. P/E-pnce-emings ratio, r-dividend declared or patd in preceding 12 months, plus stock dividend, stock upit. Dividends begins with date of split, sis-sales, t-dividend patiel in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date u-new yearly legh. -u-rading haited, u-in bankouptoy or resolvershop or being re-organised under the Bankniptoy Act, or securities assumed by such comparises, wd-when distribution, wi-when issued, we-with warrants. x-ex-dividend and sales in full, yid-yield, z-sales in full.

ระ รรรับผลเรียสมัยสัตร์เหลือเรีย

ลิษิสิกษีย์สิทธ ก็จออสสุขที่ส่

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- ส. . ลิกษณร์สีสีชัยสีสีมีหรือธ์

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ร้องรับแสลิสิรัธกล์สิหรอบ

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Closing prices, September 7

፝ጞ፠ቒ፟፼ጟ፟ቑ፝ዾፘ፟፠፼ዸ፝ጜ፟ኇፙ፝ጜ፟ኇ፟ጟ፝ቒቚ፝፼ቘቜጟ፟ዾዹ፟ኯ፟ጜ፟ጜ፟ፙ፝፟ቘ፟ዄ፟ዿ፼፟ዿ፼፝ኇቘ፟፟ዾኯጚፚ፝ፙ፟ቔዄ፟ዸቘፚ፝፠ፚቘ<mark>ቘቘቒፚፚቘቘቘፙጜዸዸ፝ቘቘዾዹቘቘቜዄ</mark>ቘ **ቘቘ፝ቚፚቘቘፙኇ፝ኇ**ቘዀጚፙቘቘቘ፟፟፟፟ዾ፝ኯዸ፟ዸጚቘ፝ቘ፝ዿቘፚፙቒቒ፟፟፟፟ዿ፟ቘ፝ቜ 

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តិមិប័ព្វខ្ម័នដល់ផ្លំដែះឆ្លឹងទើលចាំអើងទំនឹងបើកើតបើ ដឹងផែកបានដែលនៅនកតិចិត្តផ្លំព័ត្តផ្លែកចំពេធពីខ្មែងចឹងចើលផ្លែងផ្លែងឆ្លាំងនាំអានជាតិនិតិនាំមើលនៅទាំងនិងឆ្នាំអំពីអានមើលនៅទាំងនិងឆ្នាំអំពីអានមើលនៅទាំងនិងឆ្នាំអំពីអានមើលនៅទាំងនិងឆ្នាំអំពីអានមើលនៅអាងចិត្តិអំពីអានដែលនៅអាងចិត្តអំពីអានដែលនៅអាងចិត្តអំពីអានអានដែលនៅអាងចិត្តអំពីអានដែលនៅអាងចិត្តអំពីអានដែលនៅអាងចិត្តអំពីអានដែលនៅអាងចិត្តអំពីអានអានដែលនៅអាងចិត្ 

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# WORLD VALUE OF THE POUND

every Tuesday in the **Financial Times** 

រិភន្លឺខ្មែរ ដែមមើលទីត្រកលើខន្លឺអភិវត្តធំខ្មុំខ្មុំខ្មុននេះ ទីអ្វីន៥ផ្ទុះនឹងស្វីនីស្វីនីស្វីនីនទាំនឹងនេះទីនិងនេទីនិទីនេះ ខ្មែននេះ

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+++++++++++ ፙቘጚ፝ጜኇቚ፟፟፟ጚጟቒ፝ቘፚቚጟ፝ቒ፟፟ጟጜ፟ቘቝዾ፟፟ቘጟ፟ኯጚጜ፝ጟቘ፝ቒፙ፟ቘቒዄቘ፝ኇዀ፟ጜኇጚቘቒ፟ቘጟቒ፝፝፝፝፝ጜዄቘቘጜቒ፝ቘፚዼዸ፟፟፟፟፟፟ጟ፝ቒ፝ጜቘፙ ጞቘጚ፝ጜቒዄ፟ጚጟቒ፝ቘፚቚጟ፝ቒ፟፟ጟ፟ኯ፝ቒ፝ቚዾ፟ቘጟ፟ኯጚጜጟቘቒጞ፟፟ቘ፟ቒዄቘኇዀ፟ጜኇጚቘቔ፞ፚጜቒጜጟቘቘጜቒፚፚዿ፟፟፟፟፟ጟቒ፟፟፟ጟዄፙ + 3 +4  $-\mathbf{i}_{\mathbf{i}}$ 

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# WORLD STOCK MARKETS

OVER-THE-COUNTER	Nasdag national market, Closing prices, September 7	CANADA	DENMARK	NORWAY	JAPAN
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	Solars         Stars         High         Low         Once         Dog           TORONTO           Closing prices September 7           Sing 2"::::::::::::::::::::::::::::::::::::	1984         Sept. 7         Price Knr. 2           High         Low         Price Knr. 2           480         525         Aarhus Dile         435           362         216         Andelsbanken         245           370         510         Ballic Skand         550           350         207         CopHandelsbank         354           950         90         O. Sukkerfab	High         Low         Kronar           190         142,5         Berregatrd         1285           190         145,6         Corregatrd         1285           190         145,6         Corregatrd         1285           190         145,6         Corregatrd         1285           190         145,6         Tornstama Bk         147.0           188,5         145         Den Norsk Credit         148           197,5         115         Elkom	1984         Sept 7         Price Yen           1,270         S80 Ainempte,
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	8:64       3279       576       546       947       -1         41953       35:       766       25:       25:       25:       7:       -1         1572       8:7 Prone       517;       7:       7:       7:       -1         1573       28:7 Prone       517;       7:       7:       -1         1573       28:32       28:7       217;       7:       -1         1525       28:32       28:7       217;       7:       -1         1525       28:32       28:7       217;       7:       -1         1000       Crach 8:       57:6       61;       57:7       -1       -1         502       Cat 56:       57:2       57:4       512;       123;       -1       -1         500       C 7:       5154       152;       25:3;       -1       -1       500       57:5;       -1       1500       Con Nut Am       35:3       35       35       -1       1       500       57:5;       55:4       55;       +1       1       1000       10:5;       10:5;       10:5;       10:5;       10:5;       10:5;       10:5;       10:5;       10:5;       10:5;	695         622         CIAD         556           263         207         Cofimeg	82         61,6 AMRO	8,080.         1.490.0 reen Cross
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	2.340       1.778       Legrand       1.940         557       180.0       Maisons Phenix       304         2.050       1.300       Maisons Phenix       1.601         1.064       740       Michelin B	1964         Sept. 7         Price           1964         Sept. 7         Price           High I Low I         Kronor           400         330 ACA         365           302         218 Atta-Laval	7911         602         MTD Lied, works         652           160         500 MTD Lied, works         652           449         651 MTD Lied, works         662           550,         446: MTD Lied, Estate
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	4400         Jernack         5175         12%         12%           2700         Kom Acot         5151, 151, 151, -4, 162, 12%         -1, 162, 12%           14720         Laburt         5215, 27%, 27%, -4, 163, 12%         -1, 178, 12%           13738         Lac Minis         5227, 27%, -7, 12%         -1, 178, 12%           13738         Lac Minis         512, 27%, 27%, -7, 178, -7, 12%         -1, 173, 12%           244         L1, Lac         513, 33, 33         330         -300           200         Ac25 H A         519, 12         19, 46, -7, 18%         -1, 18%           3200         Ac25 H A         519, 12         19, 46, -7, 18%         -10           3256         Maction H X         5229, 22         227, 47, -10         -10           3268         Maction A 1         512, 169, 90, -10         -10         500         Marphy         523, 234, 234, 234, 234, 16           500         Marphy         523, 234, 234, 234, 234, 234, 234, 234, 2	High         Low         Om           103.8         80         AEG-Telel,         965           906         725         Valitionz Vera         906           179.9         146,5         683F         154,4           166,5         159,9         80yern         168           304         247         Bayern-Vorein         307           816         219         BMF-Bank         243           947,5         184         900,6         378           947,5         194         98yern-Vorein         307           816         219         BMF-Bank         243           947,5         194         Boyern-Vorein         192,7           190         136,5         Conte Cumm         1192,7           191         136,5         Conte Cumm         117,8           658         515         Daimler-Genz         359           192,6         136,5         Orescher Bank         158           192,6         136,5         Orescher Bank         159,6           192,6         126,5         Orescher Bank         159,6           192,6         126,5         Orescher Bank         159,6           192,6	6,00 4.69 Centing	3.850         9.370         Pioneer         9.610           760         815         Renown         627           1.90         809         Renown         827           585         655         Santyo         914           827         655         Santyo         914           827         655         Santyo         914           827         655         Santyo         914           826         456         Santyo         109           826         540         Sckisul 9rafa0         660           9200         7.270         Seven Eleven         8101           1,410         991         Santap         595           770         590         Shlonogl         578           1,220         945         Shlenogl         578           1,220         945         Shlenogl
Baskin         100<	4       64 <td< td=""><td><math display="block">\begin{array}{rrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrr</math></td><td>269.8 188 Kauthol</td><td>1.98 1.22 Straits St mahip. 1.89 6.95 4.45 Straits Trdg 8.4 5.90 4.30 UOB 4.6 SWITZERLAND 1984 5 Sept. 7 price</td><td>752 650 Taikoku Oil</td></td<>	$\begin{array}{rrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrr$	269.8 188 Kauthol	1.98 1.22 Straits St mahip. 1.89 6.95 4.45 Straits Trdg 8.4 5.90 4.30 UOB 4.6 SWITZERLAND 1984 5 Sept. 7 price	752 650 Taikoku Oil

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5' J' Sente 12' 5' 5' 5' 5' 5' 5' 5' 5' 5' 5' 5' 5' 5'
N       9;       Stand       160:13:0:4       172;       173;       174;
11, 5       Spectru       14, 15, 16, 22, 24, -1, 16, 15, 15, 16, 14, -2, 14, 55, 16, -1, 16, 15, 16, 16, 16, 16, 16, 16, 16, 16, 16, 16
WORLD VALUE OF THE DOLLAR Severy Friday in the Financial Times 1900 8500 7300 0000 8500 910 1000 100 100 100 100 100 100 100

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	Financial Times Monday September 10 1984	· · · ·		
	WORLI	D STOCK MARKETS	Ernest Ireland busy	CHIVERS Our busines
a Na Na Na Sa	<b>OVER-THE-COUNTER</b>		with £11m. orders	hasbeen
	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Stect         Sales         High Low Last Chog (Hinds)         Sales         High Law Last Chog (Hinds)         Top Sales         Sales         High Law Last Chog (Hinds)         Top Sales         Sales         High Law Last Chog (Hinds)         Top Sales         Sales         High Law Last Chog (Hinds)         Sales         High Law Last Chog (Hinds)         Top Sales         Sales         High Law Last Chog (Hinds)         Top Sales	Contracts totalling f11m have been woo by ERNEST IRE- LAND CONSTRUCTION of Bath, part of the Mowlem group. The largest, worth \$3.5m, is to build a technical support and disiribution centre at Pipers Way, Swindon, for Intel Cor- poratioo 1UK1. The 12-mont tract, for the Bristol Waterwork: contract, which has just started,	building sine 1884 21 E-kraut Street. Devized. Will-him SNUTLL Tet-1984 2121 Teks 44-934 CHIVERS
	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	Martson         200         201	is phase two of a four-phase eod of this year. development oo Intel's lit-acre In Bristol a Mercedes Benz site. The work centres around sales aod service faelhity is being the construction of a steel- constructed at Ashton Gate for framed brick-clad building of Normand, part of the Allied 5,500 sq metres which will be Lyons group. The work, valued	E9m Holiday Inn project The Wales division of 1 CLOUGH BUILDING has fem hotel chotract for a Hotiday Inn in Cardiff's Bridge Rnad. It was award Commonwealth Holiday In Canada tUK1. Costing a to form, including all fitting
	$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	blocks for Hambro Life Assure University the company has wan ance. The project will upgrade a \$349,000 contract to restore an the joterior finishes to both existing building and crect a	12-storey tower block hi two hundred luxury bed fall with ensuite bathr and a podium containing a ference centre, reception.
	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	sectors feature to a list of con- tracts together worth in excess of £6.9m receolly awarded to WHYATT, the London hased construction arm of Sir Alfred welfare facilitics plus the refur- McAlpine and Son. A £1.4ām fit- ting out contract has been won at Streatham for Safeway Food- stores, following the completion works at Conventry. A £1m order	Furciouch will emstruct towist block on an ti- reinforced-concrete frame, the poduum on structural The Wales division, which also he respossible for scapin; and dramage, scheduled completion of the struction contract for May. Fairclough Building is pa AMEC.
	IntiGrag         1         17         184, 18         184, -1,         Ma(Pi)         219         219, 213, 213, 213, 213, 213, 213, 213, 213	National         Tail         Tail         Tail         Struct         Struct <t< td=""><td>with 15 old persons dwellings in placed a contract valued at seven two- and three-storey 1530,000 for 12 sheltered flats, hlocks is to commence for the New Islington and Hackney ties plus alterations to form 18 Housing Association, together flats from t4 existing bedsit with the construction of 47 units. A £430,000 conversion and</td><td>11.3m contract for an office in New Providence, Bah The two-storey huilding is a headquarters for the B American Insurance Compa the Bahamas, Walls are of crete blocks with fluted ext finish, while steel joists sa 63mm thick reinforced con- slabs at first finner and rough</td></t<>	with 15 old persons dwellings in placed a contract valued at seven two- and three-storey 1530,000 for 12 sheltered flats, hlocks is to commence for the New Islington and Hackney ties plus alterations to form 18 Housing Association, together flats from t4 existing bedsit with the construction of 47 units. A £430,000 conversion and	11.3m contract for an office in New Providence, Bah The two-storey huilding is a headquarters for the B American Insurance Compa the Bahamas, Walls are of crete blocks with fluted ext finish, while steel joists sa 63mm thick reinforced con- slabs at first finner and rough
	May #     1     1     1.16     1     16-3     -103       Jankobi     30a     8     55     55     55     1       Jankobi     1     25     44     35     44     36       Jonkobi     25     44     35     35     44       Jonkobi     25     44     35     35     44       Jonkobi     27     8     35     35     44       Jonghoss     50     66     52     54     45       Jonghoss     50     66     52     24     42       Juno     119     204     20     203     4+       Junio     119     111     113     4     9       KK     Markor     104     134     124     13       KK     Markor     104     134     134     134	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	Dulwich, London for the London Borough of Lambeth with a value of f1.7m. Further con- tracts include alteration works at the Chase Manhattan Bank in the City, and refurbishment works to the White Tower Restaurant in the West End of London. Sir Alfred McAlpine Homes South has finalised con-	Total finnt area is 1.43 metres. Work is expected to 57 weeks. * Chelienham-hased contra FORD & WESTON (SO Westl, have been award major housing scheme by Church of England Pen Board, The contract, worth is th provide accommodation retured clargy and decender
	NEW YORK DOW JONES Sept. Sept. Sept. Sept. Aug. 1964 Bince Compility 31 High Low High Low	Number         23         102         102         Tacks         24         54         65         64         44         64	Three blocks of flats at London, SWt6, valued at £500,000, tr- gether with conversion of nurses home into nine flats and erection of 20 detached houses at order the state of the state of the state home into nine flats and erection of 20 detached houses at order the state of the	Presidure, near Chelter Work will include staff a modation, a chapel and a III The scheme is expected i completed by late 1985.
	elndustri'is 1207,38 H'me Ends 68,48 Transport 507,41 Utikities 128,10 199,72 128,60 188,44 000-7 DOO-7 * 84,110 91,920 68,250 68,110 188,44 129,46 188,44 129,46 188,44 129,46 184,10 181,10 181,10 182,10 188,44 189,46 184,10 181,10 181,10 182,10 188,44 189,46 188,44 189,46 188,44 189,46 184,10 182,10 182,44 182,46 184,10 182,10 182,44 182,46 184,10 182,10 182,44 182,10 182,44 182,46 184,10 182,10 182,44 182,46 184,10 182,44 182,46 184,10 182,10 182,44 182,46 184,10 182,10 182,44 182,10 182,10 182,44 182,10 182,10 182,44 182,10 182,10 182,10 182,44 182,10 182,10 182,10 182,44 182,10 182,10 182,44 182,10 182,10 182,44 182,10 182,10 182,10 182,10 182,44 182,10 182,10 182,44 182,10 182,10 182,10 182,44 182,10 182,10 182,44 182,10 182,10 182,10 182,44 182,10 182,10 182,44 182,10 182,10 182,44 182,10 182,10 182,44 182,10 182,44 182,10 182,10 182,44 182,10 182,44 182,10 182,10 182,44 182,10 182,44 182,10 182,44 182,10 182,44 182,10 182,44 182,10 182,44 182,10 182,44 182,10 182,10 182,44 182,10 182,44 182,10 182,10 182,44 182,10 182,44 182,10 182,44 184,44 184,44	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	wimbledon, totalling £1250. * Install the kiln equipment, Work Contracts totalling 57m have received recently by companies within the ESPLEY-TYAS CON- STRUCTION GROUP. Three orders totalling 13m comprise design-and-build cootracts for offices aod factories in West Thurrock, Poole and Hastings, A E1.5m order has been received for a 68,000 sq ft bigh-bay ware- total the kiln equipment, Work commenced on August 23 with an overall construction period of 44 weeks. * ISS CLORIUS has won a series of contracts for building man- agemeot systems, together valued at over £475,000, from Foster Wheeler, the Brillish Oxygen	has been awarded a cot worth almost £2.5m by the V Health Technical Set Organisation for construction a mortuary and pathology do ment at the Singleton Hos Swansea. The four-storey do ment will be steel framed cased in concrete with brick block claddingWork cool
· · · · ·	Industrial div. yield 3 409.83 Aug.24 Aug.17 year ago (approx) V 4.72 4.07 4.76 4.07 STANDARD AND POOKS STANDARD Standard And Pooks Standard Standard Sta	P_Q PLM 70 84 8 64 TRUC 2.12 220 434 454 454	house and office project at West Bank.	until August 1986.
	37         6         5         4         51         High         Low         High         Low           Indust'is, 186,68         168,34         196,81         197,43         199,47         196,51         167,74         194,84         3.62           Comp's'te .         164,87         165,60         164,29         164,88         166,69         168,33         147,82         172,18         4.63           Industrial div. yield         3cpt. 5         Aug. 29         Aug. 29         year ago (approx)           Industrial P/E ratio         10.71         11.83         11.61         14.66           Long Gov. Bond yield         12.72         12.64         18.48         11.61	Particin         347         17         16         16%         +4           Particin         48         134         135	RIVATE	
	N.Y.S.E. ALL COMMON         Rises and Falls           Sept. 3cpt. 3cpt. 5cpt.         1384           Sept. 3cpt. 5cpt.         1384           Sept. 3cpt. 5cpt.         1384           Sept. 3cpt. 3cpt. 4         High   Low           False         374 463           Sept. 3cpt. 3	Regent 20 10 10 10 10 10 10 Regent 20 10 10 10 10 10 Regent 20 20 20 20 10 10 10 Regent 1 20 20 20 20 20 20 10 Regent 1 20 20 20 20 20 20 10 Regent 1 20 20 20 20 20 20 20 10 Regent 1 20 20 20 20 20 20 20 20 20 20 20 20 20	INGTON'S	
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	DENMARK Copenhagen SE (3/1/85)         173.27         181.14         182.30         184.61         225.21 (20)1         173.27 (16)           FRANCE CAC General (3/12/85)         175.8         174.4         (u)         178.2         181.7 (6/5)         156.8 (5/1)           Ind Tendance (30/12/85)         114.9         112.4         112.1         112.2         181.7 (6/5)         156.8 (5/1)           GERMANY FAZ Aktian (81/12/85)         342.64         542.03         544.07         544.27         570.64 (2/2)         817.17 (25/7)           GERMANY FAZ Aktian (81/12/63)         342.64         544.27         1000.8 1062.4         1065.5 12/2)         817.17 (25/7)           MONG KONG Hang Geng Bankt/31/7/64         940.55         935.95         546.67         947.02         1170.55 (13/6)         746.02 (18/7)	Reports       28       4       33       35         Retr       178       46       400, 355, 356, -1       at 1503 Pennsylvania Avenue. N         Parmet       27       65, 65, 65, +1       at 1503 Pennsylvania Avenue. N         Retr       24       70       15, 15       15         Retr       28       314, 814, 374       38       54, 65, 65, 44         Retorn s       28       314, 814, 374       38       54, 65, 65, 44         Retorn s       28       314, 814, 374       38       54, 65, 64, 44         Retorn s       204       85, 65, 64, 44       38       56, 64, 44         Retorn s       204       157, 152, 154, 44       38       57, 65         Retorn s       204       157, 152, 154, 44       38       56, 64         Retorn s       204       157, 155, 2-4       38       39         Retorn s       204       157, 155, 2-4       38       39         Retorn s       22       151, 155, 2-4       39       39         Retrorn s       22       24, 25, 26       57       57         Retrorn s       22       24, 24, 15       44       38         Retrorn s       24       25, 26 <td>NW, Dept. FT-1,</td> <td></td>	NW, Dept. FT-1,	
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### Financial Times Monday September 10 1984

 
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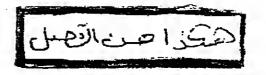
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11 Scour the undergrowth (5) 12 Heave to on ship (4) 13 Casually fit club together	14		Diversions Growth	47.14 +0.4 155 TS 71.4 +0.3 111 TS 71.4 +0.3 111 PO	8 Unit Trasts (b) (c) (y) Box 3, Keers Hse, Andover, Ha	Hew In International States	131.4 echnology	142.7 +0.7	Hand Some Transmit Way Array Carlos Faid Port, Property	209.2 +0.4	Managet	179.5 174.5 202.0 279.2	
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quired for experiment underground (4-1) 2 Cuts_down_on_(he_credit	9 Action entrusted to a repre- sentative (6)	<ul> <li>(6)</li> <li>24 Are runs at the beginning and at the end more difficult</li> </ul>	Operation Trass Insertations Growth	01-234 1888 Par 79 1 +0 5 1.00 Pr 35 6 +0.3 4.80 Pr 47.6 +0.1 3.00 Set 47.6 +0.1 3.00 Set	/inc Re Inv67.1 1 tenence Share14.2 15 resident1356 8 32 calif Site67.7 73 http://www.astar	11.30 2nd H 1.30 2nd H 1.30 2nd H 1.32 2nd H 20.6 +0 to 3.07 2nd H 2.30 +0.2 247 Gitt Pe 51.3 +0 to 1.09 2nd Ac	19 PensiAce236.0 19 PensiAce236.0 19 PensiAce236.4 10 PensiAce204.0 195.2	210.6 -0.1	8th Floor, B Devenshure Sq. EC2 G.T. Plan Band Fund 1134.7 G.T. Pian Hon Yile Frod 1152 G.I. Plan Far East Fod 129 R G.I. Plan N Am Fund 1133.7 G.I. Plan W.& RGLE. Frod 1155.8	139.5 . +0.7	Do Accom		N.
nsually mailable for raising original food (9) 3 Unwilling to take chance on	14 Cancelled the buffet on the spur of the moment (3, 3, 4)	to come by? (5) 26 Dried up look about the river (4)	Server Growth	26.94 +0.1 1.00 7ec 32.7 +0.2 0.38 / 3 1-6.2 899 3 / 0 30.1 +0.2 8.10 Ea 65 6 +0.4 3.10 Ea	Hermony Share         14:2         15           Hermony         15:6         15           Hermony         15:7         73           Jackay         67.7         73           Jackay         67.7         73           Jackay         67.7         73           Jackay         67.7         73           Jackay         67.0         15           Harrison         67.0         16           Harrison         67.0         17           Harrison         67.0         17           Harrison         67.0         17           Harrison         67.0         17           Harrison         67.0         16           Harrison         67.0         17           Harrison         67.0         17           Harrison         67.0         10           Harrison         10<	51.2 +0 c 1.00 2ml Ac 51.1 - 475 2ml Ac 50.1 +0 c 2.31 2ml m 24.4 - 172 2ml m 1.72 2ml Se 1.72 2ml Se	CC PersiAcc	204.3 +1.4	GI Pie Lik & G.E. Frd	140.8 -0.5 - 164.1 +0.6 - 166.9 -0.4 - 156.7	Vo. ACCUM	145.9 +1.7 161.1 +1.4 147.7 +1.4 1459.1 +2.7 101.9	
husband (4) 5 Reset or put back differently 17)	17 The first thing to do in any	The solution to last Saturday's prize puzzle will be published	Pearl Trest Managers L1 252, High Holbern, WCIV 78 Pearl Growth Fe	4. (0)(9)(2) Ele 8. 01-405 8441 Hig 60.5 +0.3 2.92 Ho	spie Bar Unit Trust Mors ctr4 Hse, Tempie PI, Vic Ernh, V h Incore Ho 2 th American Ho 3	Ltd LAE WC2. 8307766 43.6 +0.1 6.75 Chief 90.3 +0.0 0.71 Chief 90.3 -0.2 4.25 11 Ne	SIF.2	563	El Pie UK 6G.E. Fod	196.7	Bo. Accam	499.11 +2.7 101.9	:
	18 Experts can provide reasons, given (ime (8)	with names of winners next Saturday.	Pairt Growth Fa	88.0 +8.5 297 Re 75.3 +8.3 5.15 (J) 82.4 +8.4 4.05 5L 135.9 +1.0 4.05	Vision High Inc. 58 1 54 Wrethy daying day We	94.7 -0.2 4.39 11 Ne 452 +0.1 991 Manag 94 6.46 Manag	w Sireet, EC2M 41P. sed Growth		Assicurazioni GENERALI S 117, Fenchurch St, ECJM 5DY. Indi Managed Bond		Legat & Seneral Prop. 54 11, Quren Victoria St, EC4N 47 1 & 0 Sept 1		
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Financial Times Monday September 10 1984

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#### Liberty Life Assurance Co Ltd Lts National Prevident ins 81-440 8210 48, Gracechurch St, EC3P : ant & Co, Honore St, EC3P : Stidland Bank Tst. Corp. (Jersey) Ltd. Stranghold Bianatement Limited 23-34, Hill St. St. Heiner, Jersey. 0514 36-281 P.O. Boo 315, St. Heiner, Jersey With Bi, Charles Gut, 10(2), 10(2), 11(2 **INSURANCE, OVERSEAS & MONEY FUNDS** 40, Grazerurrb SJ, EC3P 31 Macquet 177 0 Uk Equity 167.2 Corrisos Eq. 181.1 Anterices. 167.7 Property 110.1 Property 110.7 Property 110.7 Property 110.7 Property 110.7 Property 100.7 Property 101.4 Property 102.7 Oversass Ed. 227.5 Amerycas Indial 200.8 Amerycas Indial 200.8 188.5 194.2 190.7 190.0 176.6 176.6 152.3 101.5 117.5 1111111 4, Hill SL Douglas, Isle of M Concer Louis 15175 nerals, Olis Res. Shrs. Fd. Inc. 0534 27441 ., 1 3.30 Cooper Trula All 1:30 TSR Trunc Function (C.1.) 26 Unit SL, SL Heiter Jerrery 1:58 Gen Func Ltd. ... (90 D 1:58 Gen Stort Lin ... (90 D 1:58 Gen Stort Lin ... (93 1:56 Gen Stort Lin ... 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Call Fo IAccum shares Hage not fail IAccum Saures 0481-26521 Negit S.A. 10a Boulevard NAV ·¦:04 ----- tao Do."4 34111 Scottish Amicable Investi 150 St Vincent St, Glasgow 114 0 191.9 150 St Vancest S4, 1 Sports Property Cash 041-146 2323 2323 Tuiginees, Fa. 57.7 59.8 4 Tuiginees, Fa. 50.4 50.4 77.4 Managerim, Fa. 1a. 58.4 166-5 Managerim, Fa. 1a. 59.4 166-5 Managerim, Fa. 1a. 59.4 166-5 Managerim, Fa. 1a. 59.4 166-5 Get Main, Fa. 1a. 59.5 Property, 59.4 166-5 Get Main, Fa. 1a. 59.5 Hold Yest, 59.4 167-7 Get Main, 59.5 Factor, 59.5 Factor 144774.9 11110-5 170-2 204.7 154.4 184.7 125.2 101.4 105.4 109.2 162.8 140.9 162.8 140.9 +0.9 +1.1 +1.1 Typdalf International Assurance Albert House, St Peter Port, Guttmen International Equity Nor Units Aujust 15 Pacifir Low Fra S ... North Amer De S Lit Educti De 4 Louge 3. Lts 94523002500 41.0 41.4 41.4 41.4 14.4 307.1 304.5 304.5 Pearl Assurance (Unit Fands) Ltd. Mormanely Trust Managers Ltd. 29 Athel Street, Douglas IoM. 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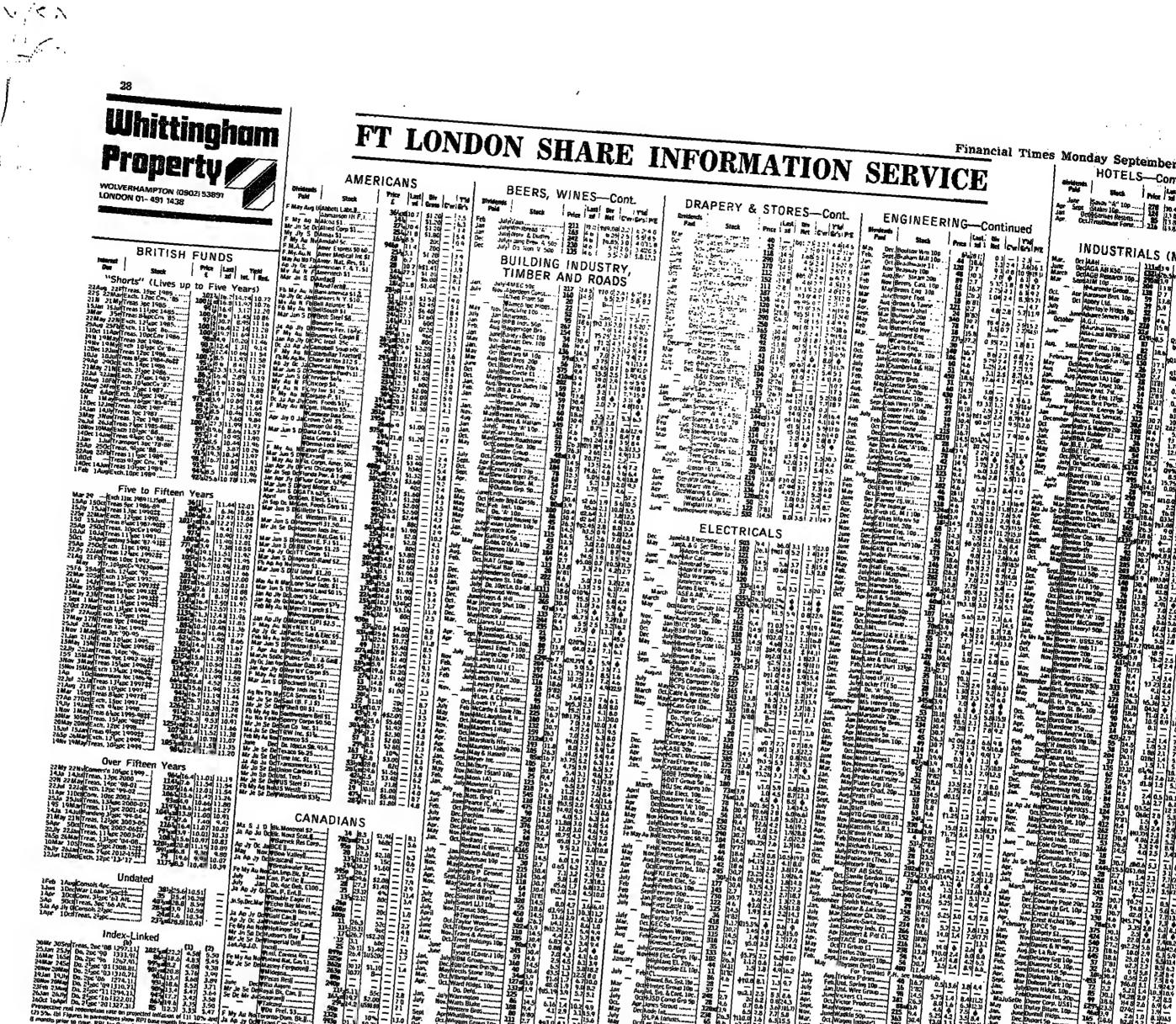
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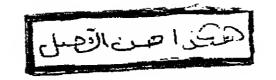


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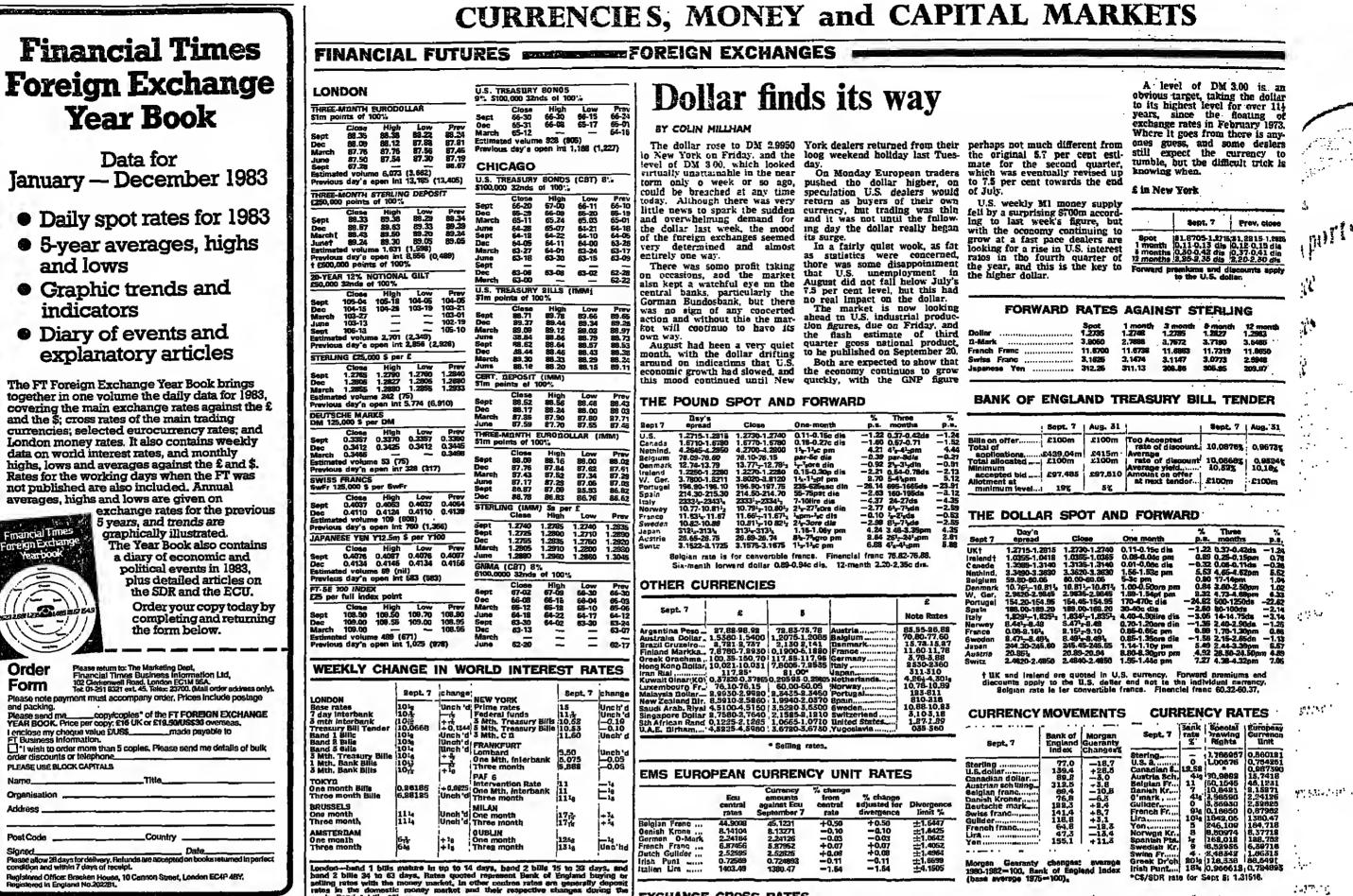
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Financial Times Monday September 10 1984



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# **African Development Fund**



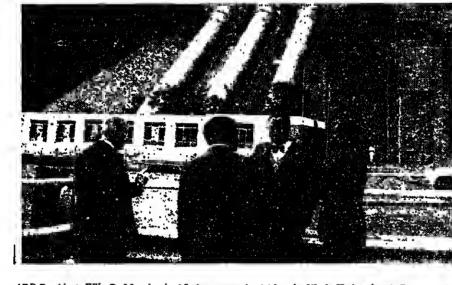
From the humblo and seemingly inconsequential idea mooted during the inconsequential Idea mooted during the First All African Peoples' Conference, hold in Tunis in 1960, tho African Development Bank has today become the largest Pan-African developmont financing institution. This twenty-year-old mrganisation has hy and large lived by the mission inscribed in its charier: to promote oconomic developmont and social progress on the African continent. This is borno out by the quantity and quality of the projects it has, together with its soft loan affiliates, tho African Develop-ment Fund and the Nigeria Trust Fund, financed and the contribution of theso projects towards tho improvement of the quality of life among the peoples of Africa. Owned ond managed by the citizens of

the 50 independent African states until 30 Decembor, 1982, tho African Developthe 50 independent African states until 30 Decembor, 1982, tho African Develop-ment Bank today, counts 23 non-African states in its membership. The significanco of the entry of non-regional nations into the African Development Bank lics not so much io tho fact Ibat these countries have helpod raise this Institution's authorised capital from US\$2.7 billion to US\$6.3 hillion hut in the foct that through the African Develop-ment Bank the industrialised and developing countries agreed tn put into practice the much talked about North-South Dialogue for the gnod of Africa. A combination of the auccessive increases in its capital hase and the replenishments of its soft ioan affiliates has enabled tho Bank Group to signifi-cantly increase its interventions in the African economies. Whoreas in its first year of operation in 1967 the African Development Bank Group could only lend a mere US\$2.3 million, by the end of 1983 the annual operations had reached US\$30.37 million: with the figure expected in ing US\$3 financiol year the cumulative commitments in the African Development Bank Group had reached

At the end of the 1983 financiol year the cumulative commitments of the African Development Bank Group had reached US\$4.5 hillion, covering all sectors, as follows: agriculture US\$1,379.08 million (191 loane); public utilities US\$1,268.37 million (181 loans); transport US\$1,248.77 million (181 loans); industry US\$544.44 million (186 loans); education and health US\$462.13 million (63 loans). In time with the aspirations expressed in the Lagos Plan of Action, agriculture remains the number one priority for the Bank Group's investment programme.

remains the number one priorily for the Bank Group's investment programme. Under the current 1952-86 Lending Programme a total of USS7.3 billion has been earmarked for investment in the African economies as part of the ADB Group's contribution towards the achievement of the objectives enunciated under this Plan; with 30% of the resources earmarked for agriculture, particularly food production.

However, for the African Development Bank and its affiliates, it is not 60 much the numbers and amounts of projects financed that matters. Rather, satisfaction should be derived from the ultimate Impact of each project; such as hetter health and high productivity resulting from its food production, rural water and



ADB President, Wila D. Mung'omba (facing camera), visiting the Nkula Hydro-electric Power project

and the whole range of economic and social infrastructure and this situation is continuing without hright prospects in

sight. Many countrios have introduced policy changes but it would be difficult to say that these are either widespreod or have sufficient impact and sustainability to restore long-term growth. It is clear, therefore, that the situation in the long term will not improve unless concerted action is initiated and sustained in critical areas of policy. These include the issue

areas of policy. These include the insue of food security, actions to improve income distribution, containment of the population explosion and the need for greater and closar co-operation.

greater and closar co-operation. In spite of Africa's current economic prohlems, the African Development Bank Group remains convinced that with the continued support of its member countries, of which your country is one, the long hoped-for gnal of providing a reasonable standard of living to every child, man and woman in Africa is attainable within the current generation.

From its Head Office in Abidjan, the

African Devolopmont Bank Group will do its atmost to onsure the ultimate schieve-ment of this goal. As we celebrate twenty years of the African Devolopmont Bank's service to

African development, this institution looks forward to the future with confi-dence and determination to belp make Africa a better place to live.

bealth projects; increased literacy and high national and sub-regional absorptive capacity resulting from education pro-jects; increased internal, international and inter-continental trado facilitated by its transport and telecommunications projects; and in sum, better incomes and standards of living emanating from Bank Croup activities in the various sectors of the African economy.

Gonerally speaking, the gains that African economies had made in the 1960s and early 1970s have been seriously eroded over the past five to seven years, so that we are starting the next two decades from an economic base much weakenod by the recession and the ravages of what seems to be a sustained period of drought in some parts of Africa ravages of what seems to ne a sustained period of drought in some parts of Africa. This has been compnunded hy the inter-play between population increase and tha declining trend in agricultural productivity. The net result has been a decline in per capita incomes in about half of our African member countries, suspendent of the solution of the solution of the solution. stagnation in a few more and very marginal growth in others. The external soctor bas also been weakened, as Africa accord bas also been weakened, as Arrica has lost the markets for many of its products, while its import needs have continued to grow. Accompanying these developments has hoen the visible deterioration in the maintenance of plant and equipment, roads, communications and power facilities, water supply and sewage aystems, schools, clinics, bospitals

For further information contact:

Information Division, African Development Bank, 01 B.P. 1387, ABIDJAN 01. Ivory Coast.

Telex: 23717, 23263, 23498. Telephone: 33 21 72 or 32 07 11

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EURO-CURRENCY INTEREST RATES (Market closing rates)

Sept. 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	8wiss Frano	D-mark	French	italian Lira	Boigiau Conv.	Fig.	Yon	Danish Krone
Short term 7 days' notice Month Three months Six months Ono year	1012-1034 1013-1034 1013-1034 1013-1018 1078-1013 1078-1013 1078-1013 11-1116	$\begin{array}{c} 111_{6} \cdot 112_{6} \\ 115_{6} \cdot 112_{4} \\ 113_{4} \cdot 117_{6} \\ 113_{6} \cdot 127_{6} \\ 121_{6} \cdot 121_{4} \\ 125_{6} \cdot 153_{4} \end{array}$	1812-1858 1154-1818 12-1878 1875-1858 1876-1858 1878-1858	518-518 518-51	N/A 234-3 412-3 412-413 5-018 5-6-5-1	54-54 54-54 54-54 54-54 54-54 54-54 010-0 61-64	$\begin{array}{c} t O G_8 \cdot 107 \\ 1 O G_8 \cdot 107 \\ 1 O T_6 \cdot 117 \\ 1 1 T_6 \cdot 11 \\ 1 1 T_6 \cdot 12 \\ 1 1 T_8 \cdot 12 \\ 1 S T_4 \cdot 13 \end{array}$	1419-1510 1419-1812 1458-1518 1478-1518 1478-1038 1038-1634 1578-1638		114 114 118-116 118-116 11-116 11-114 11-114 11-114	613-613 014-613 814-676 613-613 613-613 613-613 613-613 613-613	114-10 114-13 115-111 114-18 114-18 115-104 181-125

Acien \$ (closing rates in Singepore); Short-rerm 11%-11% per cent; eaven days 112%-112% per cent; one month 112%-112% per cent; three months 12%-12% per cent; nis menths 12%-12% per cent; eaven 12%-12% per cent; Long-term Eurodollere: two years 13%-13% per cent; three years 13%-13% per cent; lowr years 13%-13% per cent; lowr years 13%-13% per cent; lowr years 13%-13% per cent; three years 13%-13% per cent; lowr years 13%-13% per cent; lowr years 13%-13% per cent; three years 13%-13% per cent; lowr years 13%-13% per cent; lowr years 13%-13% per cent; lowr years 13%-13% per cent; three years 13%-13% per cent; lowr years 13%-13% per cent; three years 13%-13% per cent; three years 13%-13% per cent; lowr years 13%-13% per cent; three years 13%-13% per cent; lowr years 13%-13% per cent; three years 13%-13% per

#### MONEY MARKETS

EXCHANGE CROSS RATES

# London nervous, but improving

Interest rates moved nervously on the London money market last week, as dealers tried to judge the impact of Britzin's industrial problems and the strong dollar. Attention focused on the dollar/sterling exchange rate, and the fall of tho pound to successive record lows against the U.S. currency. This tended to disguise the fact that sterling was performing much better was performing much better against Continental currencies. against Conlinental currencies. The pound benefitted from the fact that the main attack of those wishing to huy dollars was against the D-mark, and this dragged down all the other members of the EMS, plus the Swiss franc which tends to keep on a fairly steady level against the German currency. The industrial scene looked slightly more encouraging at tho

MONEY RATES

Sept. 7	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussola	Dublin
Dvernight. Dre month Two months	5,80-6,76 6.70-5,86 5,70-5,90 5,90-6,10 6,5	$ \begin{array}{c} 11\\ 11 \\ 11 \\ 11 \\ 11 \\ 11 \\ 11 \\ 11 \\$	8-8 412 458 434 478	6-610 518-014 6-8-614 656-614 034	6.28125 6.40625 6.28180	17-1726 17-1736 174-1758	8,85 1118-1150 11-114 11-114 	1112-114 1812-184 1054-16 13-1314 1812-134

#### LONDON MONEY RATES

EkCU Lined Deposi

The industrial scene looked slightly more encouraging at tho ond of last week than on the previous Friday, as dockers		IONEY	RATE	s	Di	scount	Houses	Deposi	t and	Bill	Rates
e leaders struggled to keep the ports strike credible, while talks were again promised to try to	Sept. 7 Co	Steriing ertificate deposi1	Interbank	Local Authority deposits	Company Deposits	Market Deposite	Treasury (Buy)	Treasury (Scil)	Eliğible Senk (Buy)	Eligibia, Bank (Seli)	Fine Trade (Buy)
settle the pits dispute. This was not much for the market to feed on, hut coupled with a growing feeling that sterling was not under as much pressure as the rato against tho dollar made it appaar, led to a gradual easing back of London	Two months 10 1hree months 10 Sin months 11		10 4:14 	1039-1032 1039-1032 1034-1032 1034 1078 1078 1079 11	10 <sup>1</sup> q-10 <sup>3</sup> 4 — 10 <sup>7</sup> g-11 11 11 <sup>1</sup> g — — —	10.11 4 	104 104 105 105 105	1058 1014 1014		104-105 104-105 104 105 107 107 107 107	

#### \$ Cert Local Auth 11.6 11.7 11.65-11.76 11.65-11.76 11.65-12.05 12.1-12.8 12.45-12.65 8<sup>1</sup>4-10 978-1019 8/3-10/<del>3</del> 10/5-10/5 Ons month. Two menths 114.11 114-11 114-11 11-103, 11-9-1119 1149-1119 (11.00 a.m. Septe months.... 3 months U.S. dollar Bix months Nine month One ycar... Two years... Three years... Four years... 104-101 offer 121/16 115 111<sub>2</sub> 1134 1134 Ξ nffer 126/18

ee end

	NEW	YORK (4 pm)	
		rate	
	Broker	loan rate	

01, 913 2, 636 0, 012 10, 10, 6 funds funda 10+ 104

#### Treasury Bills

15.46 10.57 10.63 10.72

WO YESI 902 <sup>21</sup> 902 <sup>21</sup> 9972 1047sz 9975 9975 1007sz

with a growing feeling the sterling was not under as muc pressure as the rato against th dollar made it appaar, led to gradual easing back of Londo FT LONDON **INTERBANK FIXING** LONOAN INTERBANK FIXING

5Hd )) 15/16 8 months U.S. dollars bid 12 8/)6 The fixing retax are the erithmetic menne, counded to the rearest one eixtsenth, of the bid and offered reton ier S10m quoted by the market to five relarance banks at 11 are sech working day. The benks are National Wearmingtor Bank, Senk of Tokyo, Deutsche Bank, Saneum Neuensie de Perig and Mergan Guaranty Trust.

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